

# **THE DELTASIG** **OF · DELTA · SIGMA · PI**

MAY, 1932

**The Banking and Monetary Régime  
of Argentina**

**By James A. Cuneo**



**Melvin A. Traylor—Homespun American**



**Today and Tomorrow**

**By J. Harry Tregoe**



**What Price Credit**

**By Robert Wayne Damron**



★

# THE DIRECTORY OF DELTA SIGMA PI

★

Founded at New York University, School of Commerce,  
Accounts and Finance, on November 7, 1907, by Alexander  
F. Makay, Alfred Moysello, Harold V. Jacobs  
and H. Albert Tienken.



A fraternity organized to foster the study of business in universities; to encourage scholarship and the association of students for their mutual advancement by research and practice; to promote closer affiliation between the commercial world and students of commerce, and to further a high standard of commercial ethics and culture, and the civic and commercial welfare of the community.

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# THE DELTASIG OF DELTA SIGMA PI



H. G. WRIGHT  
Editor

MAY, 1932

A Quarterly Magazine published by Delta Sigma Pi, in  
the Interest of Commerce and Business Administration

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VOLUME XXIV  
NUMBER 4

## THE SPOTLIGHT OF COMMERCE

THE DELTASIG is published four times annually in the months of November, January, March, and May. Material intended for publication should reach The Central Office of Delta Sigma Pi, 222 W. Adams Street, Chicago, Illinois, not later than the fifteenth of the month previous to publication.

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# The Fraternity Progresses!

By E. L. SCHUJAHN, *Wisconsin*  
Grand President of Delta Sigma Pi



**A**S THE college year draws to a close we look back on a year beset with problems, most of them the direct effect of economic conditions, but with all, a year of very definite progress in the fraternity, thanks to the close co-operation of all those responsible for the administration of the fraternity and its chapters, and the wholehearted support of the membership.

The year 1931-1932 has been most trying for many fraternities. Decreased enrollment, changes in educational methods, and existing business conditions resulted in smaller chapters, and in fact in the total loss of some chapters for some organizations. In Delta Sigma Pi we feel we have been particularly fortunate in not only maintaining our present chapter roll, with little decrease in average membership, but also in increasing our chapter roll by the addition of Beta Nu Chapter, which had for years been an active fraternity at Pennsylvania.

True, some of our chapters are weakened because of acute membership problems, but on the other hand other chapters have increased in size. The financial condition of the fraternity and of most of the chapters has, by dint of careful management, been maintained on a sound basis. Thirty-nine of our chapters and practically all of our alumni clubs have been visited by national officers this year and we have been able to visit each chapter at least once during the past two years, and many of them more frequently.

The past year marked the introduction of the Chapter Efficiency Contest and the Certificate of Demit system, both very important and effective marks of progress. The Chapter Efficiency Contest has proven of inestimable value. It has created a great deal of interest in over two-thirds of our chapters and as it is further developed in years to come is to prove one of the most effective agencies in the fraternity for improving the conditions of our chapters. The Certificate of Demit system has focused the attention of the chapters to their financial problems as never before, and at a time when this special attention is very desirable. It has likewise impressed upon the individual member his obligations to discharge his fraternal obligations and has proven very beneficial to the chapters.

Our publications have been improved and our editor is to be congratulated on the splendid work he has done on *THE DELTASIG* and the *Official Bulletin*. This latter publication was inaugurated for the first time this year and offers great possibilities when additional funds are available. Considerable progress has also been made in provincial and chapter operation.

All in all, I feel that the past year has been a year of progress and growth for Delta Sigma Pi, which speaks well for the future welfare of the fraternity. It is true that a half a dozen of our chapters have serious problems confronting them locally, and all the resources of the international organization are being utilized in an effort to solve these in a most successful and conspicuous fashion.

The past year also marks the close of the first quarter century of our existence as a fraternity and plans are already under way for the appropriate celebration of the founding of Delta Sigma Pi, next September.

I want to acknowledge here the fine work of Brother Wright as Grand Secretary-Treasurer of the fraternity and to express my appreciation of the work of the directors, provincial and chapter officers, without whose help the story might well have been entirely different.



# THE DELTASIG OF DELTA SIGMA PI

VOLUME XXIV

NUMBER 4



M A Y  
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## The Banking and Monetary Régime of Argentina

By James A. Cuneo, Alpha Delta

IN A study of the Argentine banking structure care should be taken to point out at the start certain general monetary and banking characteristics which facilitate its understanding. Argentine banks do not have, as yet, a special law. In the statutes governing business, little distinction has been drawn between ordinary business enterprises and banks. Any person or group of persons may engage in banking in the same manner as in ordinary private business such as manufacturing or retailing. The business of banking is not confined by law to the corporate form or organization but most of the private institutions are organized as "national limited liability companies" or corporations.<sup>1</sup>

Official or government-owned banks—national, provincial and municipal—are special institutions created in each case by special statute.

There is no governmental supervision over banks other than Law No. 5125 which requires monthly statements from the banks. These statements are sent to the *Inspeccion General de Justicia* (Ministry of Justice) and to the Ministry of Finance.

### Dual Monetary System

The monetary system of Argentina is based on the *peso oro* of 1.6129 grams of 9/10 of fine gold, created by National Law No. 1130 of November 5, 1881. The early depreciation of the notes representing the *peso oro* and the continuous fluctuations in their value led to their stabilization in 1899 at 44 per cent of the gold *peso*. The present monetary system of Argentina is a dual one.

There are two units, the *peso oro* (*gold peso*

<sup>1</sup> Joaquin Servera, *Trading Under the Laws of Argentina*, U. S. Department of Commerce (Washington, 1929), page 35.

<sup>2</sup> Under the provisions of the Argentine Code of Commerce found in Book II, Title III, commercial companies may be organized and regulated under the form or (a) *sociedad colectiva*, (b) *sociedad en comandita*, or (c) *sociedad anonima*.

<sup>3</sup> Each of these companies has a name, a domicile, and its own property, and possesses a juridical personality which makes it an entity distinct and apart from the members who compose it.

<sup>4</sup> The fundamental distinction between the forms of companies indicated lies in the liability of the different members who compose them. In a *sociedad colectiva* all the members are jointly and severally liable (*solidariamente*) for all the debts incurred by the company. The *sociedad en comandita* has certain members who are jointly and severally liable for all the debts incurred by the company, and also certain other members whose liability is only limited to the amount of their contributions.

<sup>5</sup> As will be seen from the following discussion, even though in theory the *sociedad colectiva* and the *sociedad en comandita* are regarded by the law as entities distinct from the members who compose them, yet in practice they possess the essential features which characterize American partnerships, the *sociedad colectiva* corresponding to a general partnership and the *sociedad en comandita* corresponding to a limited partnership. The *sociedad anonima* is in fact a corporation.

or *peso oro sellado* or *o\$*) and the *peso papel* (*paper peso* or *peso moneda nacional* or *m\$*), worth respectively 96.48 and 42.44 U.S. cents, at par. The only circulating unit is the paper peso. The gold peso is used in international settlements. Both units are divided into 100 centavos and have a fixed relation to each other. Not the usual 1 : 1 ratio but a 2.27 : 1 ratio. One *gold peso* is convertible into 2.27 *paper pesos* and vice versa, making the *paper peso* equivalent to 0.44 of the *gold peso*.

No bank, official or private, has the right to issue bank-notes. In Argentina the *Caja de Conversion* (Gold Conversion Office) is the only institution which can issue notes. The convertibility rate is maintained, under normal conditions, by the *Caja de Conversion*. The *Caja de Conversion* is an independent governmental institution whose duties are related to the receipt of gold and the free issuance of paper money for its legal value, or *vice versa*; to the exclusive control of the printing and issuing of the fiduciary currency of the country; and to the delivery of new notes for the deteriorated ones.

### The Conversion Law of 1899

The foundation of the present *dual* system is the Conversion Law of 1899. This law was based on the *full specie reserve principle* and it intended that the paper money should have a specie guarantee equivalent in amount to the paper issued.

The act of 1899 as passed by Congress declared:

- (1) That the paper money issued and in circulation prior to the passage of the law—some 293,000,000 pesos—was convertible at the rate

of 44 *centavos* gold for each 100 centavos paper;

- (2) That a gold conversion fund (*fondo de conversion*) for the guarantee of the currency already in circulation was to be built up from various sources;
- (3) That the sums from these sources were to be deposited in the *Banco de la Nacion* and held by the Bank as a redemption fund;
- (4) That this conversion fund was to be increased until it reached 128,000,000 gold pesos, the sum necessary to secure fully the 293,000,000 paper pesos outstanding at the established rate of 44 *centavos* gold for every paper peso;
- (5) That the *Caja de Conversion* could receive gold on deposit and issue in exchange new demand notes at the rate of 2.27 paper pesos for every gold peso, and could likewise return gold for paper at the same rate, that is, for every paper peso received, return 44 centavos in gold.

The notes issued by the Conversion Office were to be, then, promises of the government of Argentina supported by a 100 per cent gold reserve. But the redemption fund kept at the *Banco de la Nacion* to secure the paper notes outstanding prior to 1899 and which was to be increased until it reached the required 128,000,000 *gold pesos* mark, was by a subsequent act limited to 30,000,000 *gold pesos*. This explains why the total amount of currency has never had the 100 per cent backing which was the purpose of the law. Until 1914 the total reserve of gold pledged in guarantee of the fiduciary circulation was represented by (a) the stock of gold in the Conversion Office and (b) the Conversion Fund kept by the *Banco de la Nacion*. To this was added in 1914 the gold held abroad to the order of the Argentine legations, a modification made necessary by the World War.

TABLE I  
ARGENTINE PAPER CIRCULATION AND GOLD GUARANTEE  
(000,000's omitted)

Year (Dec. 31)	Paper Money in Circulation (Paper Pesos)	Gold Guarantee (Gold Pesos)			Ratio between Gold and Paper (%)
		Conversion Office	Conversion Fund	Argentine Legations	
1899	293.0	....	....	....	.0
1905	498.2	90.1	11.7	....	46.5
1910	716.0	185.9	30.0	....	68.6
1915	987.6	237.3	(1) 10.0	68.3	72.6
1920	1,362.6	466.4	(1) 10.0	4.1	80.2
1925	1,319.8	451.8	(1) ....	....	77.8
1930	1,260.7	425.8	30.0	....	82.2

(1) The fund was partly or wholly mobilized for other purposes.

This gold was then, and has been ever since, treated as an addition to the stock of gold of the country.

The amount of notes in circulation was until April 25, 1931, strictly dependent upon the inflow and outflow of gold to and from the *Caja de Conversion*. On this date the Provisional Government issued a decree authorizing the *Banco de la Nacion* to rediscount eligible commercial paper with the *Caja de Conversion* up to 200,000,000 paper pesos, that is, authorized the *Caja* to issue paper money without the corresponding gold guarantee.

The position of the gold reserves in the *Caja de Conversion* and the fiduciary circulation on December 31, 1931 was as follows:<sup>2</sup>

	Gold pesos	Paper pesos
Note circulation previous to Law 3871 fixing the value of the paper peso at 44 centavos gold . . . . .		293,018,258.44
Against gold deposited in the <i>Caja de Conversion</i> . . . . .	260,890,696.67	592,933,373.39
Against bills rediscounted . . . . .		359,158,143.50
	260,890,696.67	1,245,109,775.33

At the fixed exchange of 44 centavos gold per paper peso, the metallic guarantee of the fiduciary circulation was on that date 47.62 per cent—the *Conversion Fund* excluded.

The delivery of gold in exchange for paper money was suspended by virtue of Laws No. 9481 and 9506 of August 9 and September 30, 1914—called Emergency Laws. This suspension lasted until August 25, 1927, when the convertibility of the notes was restored. On December 16, 1929, due to the large withdrawals of gold from the *Caja de Conversion*, a decree of the National Government suspended for the second time the free delivery of gold in exchange for notes, basing its action on the powers conferred by Law No. 9506 which are still in force. The *Conversion Office* has remained "closed" to the present time of writing.

### No Central Bank

There is no central bank or bankers' bank. There is no institution charged with the regulating of credit, the furnishing of an elastic cur-

<sup>2</sup> *Business Conditions in Argentina*, Report 193, January, 1932, p. 12, Ernesto Tornquist and Co. (Buenos Aires)  
<sup>3</sup> Vol. CXXVIII, 1929, page 671.

rency and the supervision of banking. The *Banco de la Nacion Argentina*—a government-owned commercial bank—is empowered to rediscount eligible commercial paper for individual banks. Furthermore it does what it can to control credit and to regulate the volume of currency but it lacks the specific and complete organization which is characteristic of central banks.



James A. Cuneo  
Nebraska

Given the purely commercial banking character of the *Banco de la Nacion* the direct effects of the change of its discount rate are only felt within the circle of its own business. The raising or lowering of its rate, then, does not affect the whole of the money market. According to the *London Bankers' Magazine*:<sup>3</sup>

"Strictly speaking there is no official bank rate in Argentina, though in actual practice the published discount rate of the *Banco de la Nacion* is thus regarded. It is not necessarily acted upon, either by commerce or the other banking institutions. For at present the *Banco de la Nacion* rate of discount cannot be rendered effective, as far as the Argentine market is concerned. It is an indication rather than a threat, an excuse rather than a reason, for private banking institutions to give the screw an extra half turn."

The *Banco de la Nacion* is directly concerned in the stability of the country's monetary conditions but is not expressly obliged to assume this responsibility by its organic law. The bank does not dispose either of the organization or the technical means to act efficiently. Its influence on currency is necessarily limited. By depositing in or withholding from the *Caja* its own gold the Bank used to neutralize too brusque fluctuations in the amounts of notes outstanding.

The *Caja de Conversion* in accordance with Emergency Law 9577 of 1914 was given the right to issue and deliver to the *Banco de la Nacion*, at its request, legal tender notes in exchange for commercial bills of the bank's own portfolio, or those which it might have rediscounted for other banks in Argentina, always provided that the ratio between the gold held by the *Caja* and the total paper money issue did not fall below 40 per cent. This transaction required the consent of the president of Argentina. Until very recently, April 25,

(Continued on page 218)

# Melvin A. Traylor

Homespun American



**T**HE possibility that a Delta Sigma Pi badge may grace the White House becomes more credible daily as the many loyal friends of Melvin A. Traylor, an honorary member of Beta Chapter of Delta Sigma Pi at Northwestern University, proceed with their plans to organize a movement to present Brother Traylor as their candidate to head the Democratic party for the presidency of the United States.

Whether you are a Democrat or a Republican does not matter in the presentation of this story about one of the distinguished members of Delta Sigma Pi. Brother Traylor is not a candidate for political office. But the movement to obtain the Democratic nomination in his behalf has grown spontaneously out of the enthusiasm of his friends who see in him the qualifications and attainments essential to success in this high office.

Meanwhile the career of this busy, useful citizen demands attention because of its fascinating appeal.

Melvin A. Traylor, president of the First National Bank of Chicago, is one of the typical citizens of these United States, whose career is living proof of the opportunities for great public service in this country.

Barefoot boy in the hills of Kentucky, grocery clerk in Texas, law student at night, bank clerk with ambition and purpose—these are chapters that flash out of the career of this man who has climbed to the topmost rungs of the ladder in his own profession and is clearly recognized as one of the best minds in American business.

Mr. Traylor is popular—"Mel" to his host of

personal friends. He possesses a high order of intellectual honesty and courage. He has convictions seasoned with sound common sense and dares to speak his own mind when the occasion requires. He is a dynamic leader with a talent for enlisting intense loyalty. He thinks clearly and fast. Always a tremendous worker, he sets a pace that would be "killing" to a man who had not learned the art of combining work and play as he has. He is intensely practical, but modest to the point of diffidence in telling of his own achievements. Above all he is a citizen par excellence who manages to keep an eye unswervingly on the future progress of this country and have both feet firmly on the ground, moving toward the goal he can visualize.

Melvin Alvah Traylor was born in a log cabin on a hilltop half a mile north of the small village of Breeding, Kentucky, on October 21, 1878. He was the oldest of seven children of James Milton and Kitty Harvey Traylor.

His grandparents had followed Daniel Boone from Virginia more than a hundred years ago and settled among the limestone hills of Adair County not far from the Cumberland River, ninety miles southwest of Louisville and a little way north of the Tennessee line. They were Methodists, Jeffersonian Democrats, and rugged pioneers of the best type. Two log cabins set end to end and with a space between for the washtubs comprised the humble home into which Melvin Traylor was born. His father raised wheat, corn, tobacco, sheep, and hogs. In the winter he cut timber for fuel and



Melvin A. Traylor  
*Beta Chapter*



to clear the land for further cultivation. When the farm showed a profit of \$300 a year Traylor's father considered he was doing well. Like many other American homes of this type it was singularly self-contained. The opportunity thereabout did not, however, satisfy the ambitions of an eldest son who was destined to make his own way in the world with a record of great service as a courageous leader in American life.

### Early Life on Kentucky Farm

Melvin Traylor cannot remember when he began to work for his living. At six years of age he stood on a box and dried the dishes his mother washed, and when his next brother grew old enough to dry them, Mel was promoted to do the washing. At eight he began to help with the plowing, hoeing corn, and cultivating tobacco, also to tend sheep and hogs. Soon he was strong enough to shear sheep, cradle wheat, and split rails. Working in the open in that healthy country where Lincoln was bred, nourished with plenty of plain food, the boy grew tall and husky. He acquired a store of rugged endurance that has never failed him since, even when business problems have kept him hard at work night and day.

Three months in the year, soon increased to five, young Melvin studied his lessons in the old log schoolhouse. He and his brothers were excused once or twice a week to hoe corn or kill tobacco worms. The school term ended at corn-shucking time. When Melvin finished at fifteen, he had received the education of a sixth grade schoolboy of today; but he had read diligently—the *Louisville Courier-Journal*, the *Christian Advocate*, and *Farm and Fireside* came regularly to the Traylor home. He studied the Bible, and learned much of it by heart. He knew Scott, Dickens, Fenimore Cooper, and other writers—by reading the titles of their books beneath the portraits on the cards in the game of "Authors." There were fragments of their work in the school readers, too; and besides the pupils recited verses from favorite poets on Friday afternoons.

Brother Traylor had not only a tenacious memory but a keen appreciation of what he had read. Always fearless in self-expression he was a ready reciter and when the literary society among the older boys and girls held debates

once or twice a month, Melvin delighted to get up and argue with the best of them. His readiness in debate was to serve him well later. Perhaps the amount of manual labor he had to do sharpened his enjoyment of mental exercise. Certainly he learned to think clearly and to express his ideas in a way that carried conviction. The region was primitive, with many of the old pioneer customs surviving. Until he was eighteen years old Melvin Traylor seldom wore shoes. They were luxuries for Sundays, except during the cold of winter.

### The Country School Teacher

When Melvin was a tall, rangy lad of sixteen, ambition began to stir in him. The spirit of discontent, coupled with pioneer courage, that led his ancestors to leave England for freer life in the wilderness, that had urged the next generation to push on from Virginia to the frontier beyond the Alleghenies, now drove him to look for a new field with greater opportunities. The pioneer blood in him drove him towards the southwest. But first he must prepare himself, improve the scanty education he had acquired in the little district school.

While working on his father's farm, and helping in the village store, earning twenty-five cents a day, he made up his mind to become a teacher. By two years of saving he got together enough money to see him through. He rode his pony—which his brother led home—over the mountain trails to Columbia, the county seat, where he entered the Male and Female High School to prepare for a teacher's license. He lived with his uncle and worked for his board. At the end of four months he took an examination in eleven subjects, including geography, mathematics, history, physiology, and the science of teaching. The passing mark was 85. He got 85 $\frac{1}{11}$ .

Now he was launched in life, teaching school at Leatherwood Creek, a hamlet among the Kentucky mountains, where he served two years for \$300, working as a farm hand between terms. In the Presidential campaign of 1896, he took the stump as an eager and eloquent young Democrat for William Jennings Bryan. A veteran Campbellite preacher was touring Adair County, drawing crowds with his elo-

(Continued on page 222)

# Today and Tomorrow

By J. HARRY TREGOE, Southern California



SINCE the beginning of our nation's career, its economic structure has been subjected ever so often to pathological conditions that we designate as disturbances and panics. These conditions result in a prostration of our business and finances that for want of a more vivid, descriptive term we call depressions. On a critical analysis, these unhealthful attacks on our economic welfare are brought about by an over-expansion of credit. It causes what the business student terms the extreme heights of the business cycle. That these serious disturbances and severe depressions have come at recurring intervals indicates clearly that our business and financial leaders have devoted their genius and efforts to productive facilities rather than to a comprehension of the vital element in our social structure—credit.

Among the former serious disturbances, none stands out so prominently for tragic and even brutal sequences as the panic of 1893. Not alone was business severely prostrated; banking and commercial failures rampant, but labor became very ugly and serious riots occurred in a number of our cities. The Federal Reserve System has granted reliefs in rediscount privileges and currency expansion that made unnecessary the severe tumblings down of our economic structure that had disfigured our business welfare in the panics that had occurred prior to its adoption. The disturbances and depressions we have passed through since the adoption of the System have been saved the extreme severities and sufferings which had always accompanied the panics of old.

The present depression was ushered in without any perceptible explosion. It crept upon us and we were not conscious of its near approach. Its tentacles have encircled the civilized world; its causes are so deeply embedded that economists and business students have been mystified

and baffled. Its manifestations within the borders of our country have not been so distressingly severe as were those of the panic of 1893. There has been great economic suffering; there has been severe unemployment; banking and commercial failures have run into enormous figures, farmers have been prostrated, but underneath all of these severe reactions of the depression our economic foundation has held intact and we have had a reserve that could have been used with tremendous healing effect if fear had not gripped the people, if confidence had not too largely departed and if we had "held up our chins" to the point of mobilizing these reserves and using them for the relief of business.

The first rift in our economic structure can be located in the spring of 1929, when surface appearances were leading people to indulge in an orgy of security speculation and to over-expansion of credit on the stock exchanges. This rift can undoubtedly be tied up with the failure of political and economic leaders to recognize the axiom "that credit is not capital." The material wastage of the World War can be safely computed at 300 billions. The vastness of this waste wasn't comprehended at the time, and instead of giving the nations deeply concerned in this wastage a little respite for the rebuilding of capital and the restoration of productive powers, the debts incurred in the conduct of the war and borne by the victors and the vanquished were translated into obligations upon the expectation that they could be fulfilled. It was not in accordance with the natural laws of credit that they could be fulfilled and in addition that the people of the belligerent nations should be required to pay the heaviest taxes within modern history. When credit balked at the strain placed upon it and the vanquished nations were unable to meet reparation settlements without external aid, then

*(Continued on page 224)*

# Delta Sigma Pi Scholarship Key Winners for 1931

Of the 411 keys awarded to date, a total of 162  
have been won by members of Delta Sigma Pi.

**A**NOTHER new record in the number of  $\Delta \Sigma \Pi$  Scholarship Keys awarded in any one year was established last June, when 57 of these keys were awarded by 53 of our active chapters, and 24 of them were won by members of Delta Sigma Pi, an average of 42 per cent. This Scholarship Key, first established in 1912, is awarded annually by the fraternity at each university where a chapter is maintained, to that male senior who upon graduation ranks highest in scholarship for the entire course in commerce and business administration.



The key may be won by any student in the department without regard to his fraternal affiliation.

Since 1912 a total of 411 keys have been awarded, and 162 of these have been won by our own members, for a grand average of 39 per cent. When one considers the fact that the active membership of our chapters comprise only a small portion of the student body, we have every reason to feel quite proud of this record. Here are the figures for those statistically minded:

Year	Number of Keys Awarded	Keys Won by Members	Percentage Won by Members
1912	1	1	100
1913	1	0	0
1914	1	0	0
1915	1	0	0
1916	1	0	0
1917	1	0	0
1918	2	0	0
1919	3	1	33
1920	3	2	67
1921	11	4	36
1922	17	7	41
1923	23	8	34
1924	22	9	41
1925	30	10	33
1926	41	16	39
1927	45	21	47
1928	44	19	43
1929	52	20	38
1930	55	20	36
1931	57	24	42
	411	162	39

The names of the 1931 winners follow, the names listed in capitals being members of Delta Sigma Pi:

Chapter University	Name of Winner
A—New York	Henry Birnbaum
B—Northwestern	James L. Cunningham
G—Boston	*George Bornstein
	*FRANKLIN T. CHACE
	FREDERICK J. BOHLING
	Ervin F. Stepanek
	Paul E. Wallendorf
	KEITH L. PACE
	*Gordon S. Harrington
	*Walter M. Joyce
	Robert D. McMichael
I—Kansas	



FREDERICK BOHLING  
Marquette

EARL HALD  
Nebraska

THOMAS CRITTENDEN  
Georgia

PAUL SCHWOERKE  
Oklahoma

FREDERICK WAGNER  
Buffalo

EUGENE DENHAM  
Indiana

FRANKLIN CHACE  
Boston

Chapter University

Name of Winner

- K—Georgia Tech
- Λ—Pittsburgh
- M—Georgetown
- N—Ohio State
- Ξ—Michigan
- Π—Georgia
- P—California
- Σ—Utah
- Φ—Southern California
- X—Johns Hopkins
- Ψ—Wisconsin
- Ω—Temple
- AB—Missouri
- AT—Penn State
- AΔ—Nebraska
- AE—Minnesota
- AZ—Tennessee
- AH—South Dakota
- AΘ—Cincinnati
  
- AI—Drake
- AK—Buffalo
  
- AA—North Carolina
- AM—North Dakota
- AN—Denver
- AΞ—Virginia
- AO—Ohio University
- AΠ—Indiana
- AP—Colorado
- AΣ—Alabama
- AT—Mercer
- AY—Miami
- AΦ—Mississippi
- AX—Washington
- AΨ—Chicago
- AΩ—De Paul
- BI—South Carolina

- L. C. Evans
- Raymond P. Kent
- James S. Douthitt, Jr.
- Foy H. Kohler
- Wilfred L. Scheifley
- THOMAS J. CRITTENDEN
- Orrin S. Peterson
- Charles W. Allison
- Lesley D. Fay
- MELVIN F. NACE
- Louis E. Oberdeck
- Wendell Curry
- Paul J. Graber
- RICHARD J. FLICKINGER
- EARL C. HALD
- Carl L. Nelson
- WILLIAM E. ALTHAUSER
- Gerald F. Wolf
- \* Alfred S. Emmons
- \* Mildred E. Schopmeyer
- James G. Maitland
- \* James R. Clark
- \* FREDERICK A. WAGNER
- John G. Slater
- WALTER H. THOMAS
- JAMES P. GOURLAY
- MURRAY FERGUSON
- Glen H. Poston
- EUGENE Y. DENHAM
- Arthur L. Aiken
- WILLIAM B. HOWARD
- ASHTON A. ALMAND
- CECIL A. MOYER
- Walter H. Brown
- L. LEE BOEHMER
- Abe Blinder
- LUKE E. BRENNAN
- VENOY M. WILLIAMSON

Chapter University

Name of Winner

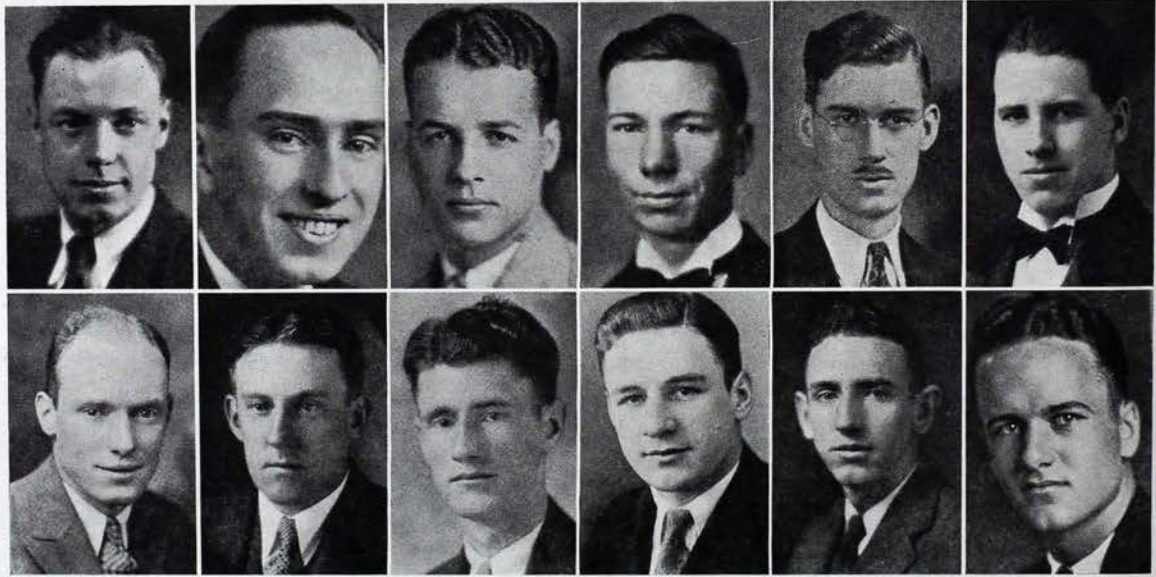
- BΔ—North Carolina State
- BE—Oklahoma
- BZ—Louisiana State
- BH—Florida
- BΘ—Creighton
- BI—Baylor
- BK—Texas
- BA—Alabama Poly
- FREDERICK C. HERBST
- PAUL R. SCHWOERKE
- John F. Favaloro
- Frank E. Phipps
- FRANK A. PELLEGRIN
- BENJAMIN L. HILL
- Charles C. Clark
- JOHN L. CAPELL

\* Two Keys awarded, one in each the day and evening division.

The following analysis of what percentage of the keys have been won by members of each chapter since the award was established on each campus is interesting:

Chap.	University	Number of Keys Awarded	by Members	Percentage
A	New York	20	1	5
B	Northwestern	13	5	40
Γ	Boston	16	4	25
Δ	Marquette	11	6	54
E	Iowa	10	6	60
Z	Northwestern	12	8	67
H	Kentucky	11	8	72
Θ	Detroit	17	3	18
I	Kansas	11	2	18
K	Georgia Tech	15	7	47
Λ	Pittsburgh	11	0	0
M	Georgetown	10	2	20
N	Ohio State	10	0	0
Ξ	Michigan	7	2	29
O	Vanderbilt	5	3	60
Π	Georgia	7	1	14

(Continued on page 224)



WALTER H. THOMAS  
North Dakota

ASHTON A. ALMAND  
Mercer

CECIL A. MOYER  
Miami

BENJ. L. HILL  
Baylor

L. LEE BOEHMER  
Washington

LUKE E. BRENNAN  
De Paul

J. PAUL GOURLAY  
Denver

WM. B. HOWARD  
Alabama

KEITH L. PACE  
Kentucky

FRANK A. PELLEGRIN  
Creighton

JOHN L. CAPELL  
Alabama Poly

WM. E. ALTHAUSER  
Tennessee

# The Olympic Games at Los Angeles

By ARTHUR E. L. NEELLEY, Southern California



THE eyes of the world will be on Los Angeles during the coming summer, due to the fact that the Tenth Olympiad Committee has selected it as the site of the Olympic Games. That the Committee was correct in its decision has already been proven, for advance indications point to the greatest games of all time. Surely a finer location could not have been selected, for California, with its wonderful natural surroundings, is the show place of all the world.

As evidence of their faith in the undertaking, the people of the State of California have appropriated some \$500,000 to insure the absolute success of all features. Thousands of dollars are being spent, in order to provide proper facilities for the staging of all events. For instance, the Los Angeles Coliseum (now known as the Olympic Stadium), home of the Trojans, has recently been enlarged, re-landscaped and improved for the occasion. As it now stands, it will accommodate 103,000 in reserved seats, with additional room for another 20,000. At any rate, it is acknowledged to be the largest stadium in the world. Immediately adjoining this plant, we find the new Olympic Plunge, embodying the finest swimming and diving pools in the country. Observers' stands provide seats for 11,000 people. In addition, new stands are being built to accommodate those persons who will be interested in rowing, boxing, and wrestling, equestrian events, and polo. In every instance the maximum is being done to make the complete plant favorable both for spectators and participants.

The significance of the problem of housing competitors can be realized only after seeing plans of the Olympic Village. For two years the Olympic Housing Committee has taken daily thermometer readings, so that the village could be located in that place most favorable for all the athletes. For example, the average

summer temperature of Los Angeles is around 85°, and usual or "unusual" this amount of heat would be unbearable to some of the participants. To combat this, the Committee has selected the coolest spot obtainable—a hillside site, on the edge of the City, and so located as to be about 5° cooler than the average city temperature. On this site will be built 500 houses, each accommodating four men—two to a room. A view of these quarters will confirm your belief on the thoroughness of their operating efficiency. Each cottage contains two large rooms, equipped with twin beds, the finest available. Every room has shower connection, ample window space, commodious chairs and tables, and other incidentals. The village will in reality be a young city, since it will have its own hospital, bank, stores, etc. Each nation will have its own kitchen, provided with cooks capable of producing "homelike" meals. Every incidental has been provided so that every individual will be thoroughly satisfied—living under conditions as much like their native homes as is possible. Only men athletes will be housed in Olympic City. The members of the fair sex will live in the luxurious residence halls at the University of Southern California—right in the heart of the City—and likewise within walking distance of the stadium.

The citizens of Los Angeles have been anticipating the event for some time, and as a result they have built hundreds of new family residences, apartments and hotels. Reports are that many of the leading hotels are already sold out—yet it is quite certain that ample accommodations have been provided for over a hundred thousand visitors, over and above the usual thousands of regular summer visitors. Every one of the twenty or more surrounding suburbs and towns have also provided additional facilities, so that regardless of size, the Olympic crowd can be nicely accommodated.

Naturally, all of the Pacific Coast colleges and universities are vitally interested in the games, and they are already making plans to have maximum representation. In the more recent games, such names as the Trojans of Southern California, the Indians of Leland Stanford, and the Bears of the University of California have been prominently borne out by the efforts of individuals from these teams. The names of Paddock, Borah, Churchill, Kelly, Krenz, Brix, and others, were made famous through their Olympic contributions, and it is only natural to believe that this year another galaxy of West Coast athletes will add their names to the list of famous Olympic contestants.

Stanford and Southern California have been the outstanding contestants for the national track title during recent years. They have dominated this field of activity to a very large degree, and they must be expected to furnish a large number of Olympic competitors. Southern California will be heard from through representation by such men as Vic Williams, Frank Wycoff, Bill Graber, Bob Hall, Art Woessner, and others. Of this group, Wycoff is the best known, due to his sprinting records; he may be looked upon as a likely winner in the 100 meter event. Stanford pins its hopes on a number of men, most prominent of whom is Big Ben Eastman, sterling quarter miler, who is sure to break the existing world's record in his favorite event. California furnished the Olympic Crew champions in '28, but appears to be rather weak this year. They may be counted upon to furnish some outstanding competition in all lines at any time.

One of the biggest events of the Games will be the opening ceremony, where the flags of all nations will be raised, and the Games officially opened. Closely paralleling this for interest will be the football game which will be played as an exhibition of the great American fall pas-

time, given for the benefit of our foreign visitors. The Western team will be composed of graduating seniors from the University of Southern California, Stanford, and the University of California, and will be coached by Howard Jones, head coach at the University of Southern California. The eastern team will be formed by seniors from Yale, Harvard and Princeton. This group will be coached by Tad Jones, formerly of Yale, and a brother of Howard Jones.

Imagine, if you can, the spectacle of such a game, played under powerful lights, in the balmy evening air of Southern California—brother coaching against brother, the West versus the East, and last but not least—the battle for supremacy between the effete, conservative and older Eastern universities, and the more liberal, newer institutions which lie west of the Rockies. Truly it should be a battle of wits, since both head coaches are outstanding. They will be assisted by the coaching staffs from the three participating schools in each group, thus assuring every man on the teams of the utmost personal attention, in order that they may be in the best condition possible. This event is already the most talked of part of the entire program, and there is no question but that it will be one of the most interesting.

All persons planning on the trip should begin to make reservations now, in order to be assured of absolute comfort and convenient accommodations. Phi Chapter, in Los Angeles, can accommodate a considerable group of visiting brothers; however, they have requested me to make an appeal to all Delta Sigs anticipating the trip—"Please advise them in advance." This will enable them to take care of you in the most efficient manner. Be sure to write to Head Master Hugh L. Bargion at 700 West 28th Street, Los Angeles; tell him of your plans—he will do all in his power to make your visit enjoyable.



# What Price Credit

By ROBERT WAYNE DAMRON, Kentucky



**Y**EARS ago a distinguished German economist, Hildebrand, advanced the idea that the history of economic development could be divided into three epochs, namely, barter economy, money economy, and credit economy. According to his theory, there had been a gradual evolution in the different mediums of exchange with the result that credit replaced the use of money.

Today, credit is the major and dominating force in our economic structure. Factories, railroads, and governments are operated on huge scales by means of the thin and delicate fabric of credit. Large real estate projects are launched and financed by its use. The use of the credit medium extends through the realm of business endeavor to the factory worker buying a radio "on time"; and to the farmer financing the operations of his farm on borrowed capital. As a people, we have learned long since how to acquire both the necessities and luxuries of life without the use of "Spot Cash."

There lies a story connected with the collapse of our credit structure. Like Topsy, who just "grew up," a gigantic and intricate machine arose in the midst of our economic endeavors. It became unwieldy and difficult to control. Something had to happen and did happen. A belt slipped or a cog broke under the terrible strain and our "economic Frankenstein" came "down to earth."

Now we are faced with the problem of reviving and restoring faith in the monster that has collapsed at our feet. Before even attempting to diagnose, let us notice first some of the causes of the collapse as they affect the factory worker and the farmer we have mentioned.

We have said that each had learned how to increase purchasing power by the use of credit or borrowing power. Ability to buy, therefore, increased in proportion to the ability to borrow. As a result, the consumption and the use of goods continued at a rate far greater than that by which the debt thereon could be reduced.

An era of inflation prevailed, marked by an overproduction of goods in our factories and on our farms. Labor commanded a high wage and farm products sold for good prices. Real estate values soared, bringing a boom in the building industry. Money was plentiful and the heads of our financial institutions were anxious to keep it in circulation. Our monster, the credit machine, worked overtime trying to keep pace with the urge of prosperity.

An era of borrowing ensued. At a time when real estate values were at their highest, farm lands and city properties were mortgaged heavily as security for loans at our financial institutions. Household goods, crops, live stock and other chattels also were pledged to guarantee borrowed money. Our credit machine grew by leaps and bounds and we became more and more in debt.

Among the greatest users of credit facilities were our manufacturing and commercial institutions. Money was borrowed by our manufacturers to finance the production of goods which later would be sold to a vastly credit-minded public. The values of our leading stocks and bonds soared beyond reason. Railroad companies issued new stocks and borrowed more money in order to enlarge their facilities. Huge building projects were contracted at high figures with correspondingly high prices being paid for labor and materials. In our stock exchanges and boards of trade, speculation went beyond all previous records. A nation had become intoxicated with the power afforded by our vast credit resources.

The value of the dollar became inflated. High wages and high prices for farm products paralleled the prices paid for consumers' goods. Money borrowed on mortgage loans based on high real estate values became money spent for high priced goods. Yet money found a ready market and at a high interest rate. Acceptances and other forms of short-term paper flowed into the markets. But mortgages and other forms of collateral not subject to re-discount remained in the vaults of our financial institutions whose leaders continued to loan money on that type of security. Overproduction had brought overconsumption in the use of credit as well as of goods. Over-taxed buying power had stretched the borrowing power of our people beyond the saturation point.

The thin and delicate fabric of credit, so stable if wisely used, soon reached its maximum tensile strength and began to break. Mr. Consumer not only had bought more goods than he needed but had borrowed beyond his limit to pay very soon. A collapse of our economic machine was inevitable.

There followed a period of relaxation and contraction. Consumption of goods began to decrease and factories began to lower their production. A slump in freight car loadings brought a lull in other railroad activities. Falling real estate values were accompanied by a marked decrease in the size and number of

building projects. Wages and prices of farm products found lower levels. The values of our stocks and bonds dropped suddenly, bringing the now historic crash in the markets. The gigantic credit structure we had erected so hurriedly had begun to totter and rock on its foundations.

The purchasing power of the dollar began to increase. Interest and rediscount rates were lowered in an attempt to keep it in circulation. But a decline in our price level had thrown out of balance its buying power. The velocity of circulation began to ebb. The dollar began to seek refuge having exhausted its power in a credit system that had been inflated.

The factory worker and the farmer found themselves without buying power. And their borrowing power had been exhausted. Our huge credit structure had toppled under the strain imposed by a wholesale exploitation of its vast resources. Today, we know the story. Banks are failing because of "frozen assets"; factories are idle and unemployment prevails; there is no market for farm products; commodity and wholesale prices are lower; railroads are operating on reduced schedules; building projects are at a stand-still. The dollar will buy more goods but it is not circulating as freely. Our old friend, the credit monster, is taking a much needed rest and will lie dormant perhaps until we are able to furnish some new collateral.

The story goes that Rastus walked into a bank in a Southern town and requested a loan. The banker told him that they had no money but Rastus insisted on being taken through the bank to find out for himself. They passed vault after vault containing huge stacks of coin. The banker then informed Rastus that he must put up some collateral in order to get a loan. Rastus scratched his head and replied, "You'se banka's is long on de cash but us po' nigga's is sho't on dat collateral."

The story brings to mind the law of supply and demand. A change in the supply of money and credit can be shown only by a change in the price of goods. Commodity prices not only must change to compensate for changes in their own supply and demand, but also to compensate for changes in the supply of money and demand for it. The volume of money and bank credit, and hence their value in terms of goods, varies greatly.

That variation in buying power is the cause of most of our economic ills. Fitting the volume of money and credit to the volume of business will tend to keep them constant in purchasing power. It will keep the average commodity price level stable and thereby maintain that confidence on which our whole credit structure is built.

Our first task is to get out of debt. We have been willing to work and borrow and take the chance of there being a change in the purchasing power of the dollar. It is that change in buying power that will handicap us in getting back to normal conditions.

Goods are not cheaper but dollars are worth more. A dollar would buy a bushel of wheat in 1929 and three bushels in the early summer of 1931. The factory worker or the farmer who borrowed a dollar in 1926 must pay back (in terms of goods) \$1.45 at the price level of November, 1931. The situation of the farmer is worse than the average. The farm price index has dropped to 58 as compared to 68 for the wholesale commodity price level. The farmer's dollar of debt and taxes has become \$1.70.

A large part of the outstanding indebtedness cannot be paid on the present price level. Restoring and stabilizing the price level would restore confidence, put men to work, stimulate business activity, put dollars in circulation, and help put in motion the wheels of our credit machinery.

Our problem would then be that of expanding and contracting our currency and credit in accordance with the needs of business. Only by proper regulation of the credit medium can we hope to avoid another collapse in its structure.

It is safe to predict that the next decade will see a greater realization of the importance of credit and a greater knowledge of its use. Governmental regulation of loans already is being discussed. Closer supervision of credit relations, more stringent credit laws, and more attention to individual needs and uses of credit, are but a few of the restrictions that will be stressed. Only by education can we hope to guard against future wrong use of the credit privilege.

Credit is necessary for the welfare of business, if wisely used. Wrong use will turn it into a boomerang.



# WITH THE ALUMNI

## Frank Hadlock Is President of the American Alumni Council

ONE of the most promising of the younger Deltasigs is Frank Hadlock, a charter member of Phi Chapter and a graduate of the University of Southern California. Frank, as he is well known to all students and alumni at U.S.C. has, in a very few years, made an enviable record for himself, having advanced from general alumni office work to the executive secretary of the general alumni association of the University of Southern California. In addition to these duties he is now assistant to the president of the University. Holding either one of these positions would keep the average man busy—yet Frank holds both and has ample time left to be the greatest "sideline" coach in the country.

Only recently added honors came to him through his election to the presidency of the American Alumni Council, an organization consisting of the alumni secretaries of 585 universities, colleges, and schools in the United States. The significance of this honor is better realized after knowing that Frank is one of the youngest executives in the American Alumni Council, as well as being the first westerner to hold this position. His duties in this office are highly varied—including a visit to the various district conventions throughout the country. His greatest contribution will be made when he presides over the national convention, which will be held in Pasadena immediately following the Olympic games.

Although his term of office is only half served, Frank has made several definite accomplishments and most notable among them is his advancement of an idea for the further education of university graduates, or as Frank himself would say—"Continuing the intellectual relationship of the alumnus to the institution, and of the institution to the alumnus." His idea has made considerable progress and when properly effected will probably result in an exchange of ideas between various sections, universities, and individuals, and will give every alumnus an opportunity to keep abreast of the times as far as economic and educational development is concerned.

At Southern California Brother Hadlock was very active in extra-curricular activities. He was manager of the football team; a member of Skull and Dagger, senior honorary society. His hobbies are few. Although a great football fan, he is likewise interested in all other forms of intercollegiate athletics. His golf handicap is 4. His clubs: Los Angeles Athletic, University, Hollywood Country, Brentwood Country, and the Jonathan Club. (Arthur E. L. Neelley)

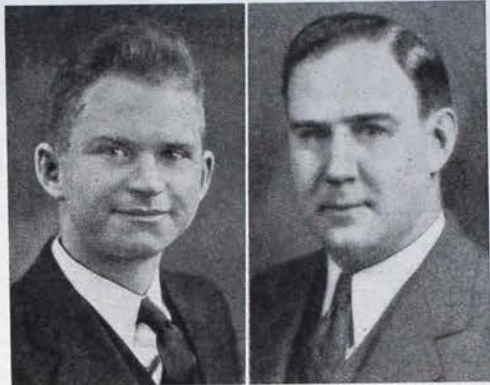
## Two More Deltasigs Pass Maryland C.P.A. Exams

Of the 27 candidates passing the examinations held by the Maryland Board of Examiners of Certified Public Accountants in November, 1931, two were members of Delta Sigma Pi, one of whom received the highest total points for all the required subjects and the other tied for second place.

This remarkable record may be attributed to Albert G. Simmonds, a charter member of our Virginia chapter, who ranked first, and Melvin F. Nace, an alumnus of our Johns Hopkins chapter, who tied for second place. Thus again Delta Sigma Pi gathers high honors in the Certified Public Accountant competition in Maryland. This brings the number

of Chi Chapter alumni who are C.P.A.s to 15, in addition to alumni of three other chapters residing in Baltimore holding the same degree.

Brother Simmonds graduated from the University of Virginia in 1925, since which time he has been located in Washington and Baltimore. He was associated with the Baltimore office of Haskins and Sells. Brother Nace was the winner of



Melvin F. Nace    Albert G. Simmonds  
*Johns Hopkins*    *Virginia*

the Delta Sigma Pi Scholarship Key at Johns Hopkins University in 1931, and is associated with the Consolidated Gas, Electric Light and Power Company of Baltimore.

## William E. Myrick Appointed Bank Officer

William E. Myrick, an alumnus of our Alpha Psi Chapter at the University of Chicago, was recently appointed assistant cashier of the First Security Trust Company, Salt Lake City, Utah, local unit of an inter-mountain banking chain.

Bill's promotion culminates a three year service with the National Copper Bank and Bankers Trust Company, with whom he was first affiliated, and the First Security Trust Company organized in 1931.



William E. Myrick, *Chicago*

## Receives Guggenheim Foundation Scholarship

Karl R. Bopp, an alumnus of our Alpha Beta Chapter at the University of Missouri, and now a member of the faculty of the School of Business and Public Administration of the University of Missouri, was recently notified of his being awarded a scholarship providing for a year of foreign study and travel for the Guggenheim Foundation. He will leave for Germany early this summer accompanied by Mrs. Bopp, where he will spend nine months doing graduate work. After three months of travel in Europe he will return to the University of Missouri next year.



Karl Bopp  
Alpha Beta

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## MISCELLANY

"The DELTASIG brings all things."

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### Partnership Formed

Winfield McKeon and George J. Strong, both alumni of Alpha Chapter, recently announced the formation of the co-partnership of McKeon and Strong, Certified Public Accountants with offices at 12 E. 44th St., New York City. Best Wishes. Brother Strong will be remembered by the charter members of Beta Chapter as the representative of the fraternity who came out to Chicago in 1914 to install this chapter.

### Young Man Makes Good

Carlton Keene, *Georgia Tech*, is advertising director of Groves-Keene Advertising Agency in Atlanta, Ga., where he also finds time to teach Advertising in the School of Commerce at Georgia Tech.

### Promotion

Dwight M. Mills, *Northwestern*, was recently appointed general advertising director of *Business Week* magazine, 330 W. 42nd St., New York City. Brother Mills is well remembered as an N man; he also served as president of the Men's Athletic Association of Northwestern University during his undergraduate days.

### Paint and Varnish Man

John Hudson, loyal *Marquette* alumnus, has recently been elected to the Board of Directors of the Badger Paint and Hardware Company, Milwaukee, Wis.

### Gets Post in Washington

Carter Barron, *Georgia Tech*, a brother of Red Barron, who was the first Head Master of our Kappa Chapter at Tech, has been promoted by Loew's, Inc., to become city manager of all Loew operated theaters in Washington, D.C. Graduating from Georgia Tech in 1927, where he had followed in the footsteps of his older brother, and won national fame also on the gridiron as had his brother, he started his career in the theater business by becoming manager of a small sub-

urban theater in Atlanta. A few months later he became assistant manager of the Capitol theater in Atlanta, when that house first opened under the operation of Universal.

Brother Barron's next step upward was to become manager of the Metropolitan, a position he held until Loew's, Inc., took over operation of the Capitol, when he was made manager of that house. In August 1930 he was transferred to the Fox theater in Atlanta as manager and, with one of the finest houses in the country under his control, he quickly placed it upon a profitable basis, and has since that time directed the destinies of the theater with a brilliance that has attracted the attention of theater executives in all parts of the United States. All of which resulted in his further promotion to Washington, D.C., where he is now located.

### Bankers All

John S. Gleason, *Northwestern*, signs his name as vice-president of the First National Bank, Chicago's second largest bank.

Harold P. O'Connell, *Northwestern*, is now second vice-president of the Continental Illinois Bank and Trust Company, Chicago's largest bank.

Richard J. Lawless, *Marquette*, is assistant cashier of the First-Wisconsin National Bank, Milwaukee's largest bank.

### Advertising Agency Executive

Daniel J. Kelly, *Northwestern*, is treasurer of Roche, Williams and Cunyningham, one of the largest advertising agencies in the country, with offices in Chicago, Philadelphia, and Buffalo. This new firm resulted through the merger of the Roche Advertising Agency and Williams and Cunyningham.

### Congratulations

Kenneth Van Es, *Marquette*, has recently been promoted by the Kroger Grocery and Baking Company, Cincinnati, to be assistant to the comptroller.

### He Keeps Racine Clean

Gordon A. Bishop, *Marquette*, is general manager of the Northwest Laundry, Racine, Wis.

### Mergers

Corbin C. Ballentine, *Florida*, on December 31, 1931, to Thelma Baker, at Titusville, Fla.

Harold P. O'Connell, *Northwestern*, on January 16, 1932, to Charlotte Anne Woodward, at Oak Park, Ill.

Paul Strong, *Colorado*, on February 12, 1932, to Elizabeth John, at Houston, Tex.

Edward A. Wilson, Jr., *Northwestern*, on February 13, 1932, to Betty Burkhardt, at Hamilton, Ohio.

Edmund Rowan, *Marquette*, on November 30, 1931, to Muriel Johnson, at Chicago, Ill.

Harold Norbloom, *Denver*, on March 5, 1932, to Helen L. Robertson, at Denver, Colo.

Walter Halberg, *Denver*, on March 5, 1932, to Ina Watts, Denver, Colo.

J. Paul Gourlay, *Denver*, on March 23, 1932, to Jane Binkley, at Denver, Colo.

Edward A. Uhler, *Pennsylvania*, on April 10, 1932, to Garda Roper, at Philadelphia, Pa.

### Dividends

To Brother and Mrs. Christian F. Dondore, *Iowa*, on February 29, 1932, a daughter, Constance.

To Brother and Mrs. James F. Clyne, *New York*, on March 20, 1932, a son, Philip Joseph.

To Brother and Mrs. Robert C. Lory, *Denver*, on March 29, 1932, a son, George Camden.

To Brother and Mrs. Albert Handl, *Marquette*, on March 2, 1932, a daughter, Ellen.

To Brother and Mrs. Francis C. McCarthy, *Marquette*, on April 10, 1932, a daughter, Jeanne.

# ATLANTA

By C. V. Brownlee

## THE CITY OF ATLANTA

boasts of nearly one hundred members of Delta Sigma Pi, and again realizing the great possibilities for mutual good and the advancement of the fraternity as a whole, the Atlanta Alumni Club was reorganized in October. Each of the sixteen members present at the opening session pledged his unwavering loyalty so as to insure absolute permanency to the club as a unit that it may never lower its colors through lack of interest but live on forever. Thus the sleeping lion has literally awakened roaring out a warm welcome to all alumni within hearing distance to join the ranks and keep in step with the fast pace, because there are many accomplishments just ahead.

Under the able leadership of J. D. Smith, who is a veteran campaigner, forward strides have already been made. Supporting the president, the other officers elected are: Norman W. Pettys, vice-president; Lawrence Cole, secretary; H. C. Kitchens, treasurer, and C. V. Brownlee, DELTASIG Correspondent. Regular monthly meetings have been held at the Georgia Tech Evening School of Commerce, and also in the homes of Brothers H. C. Kitchens and J. D. Smith.

On Saturday afternoon, March 26, the alumni club entertained the active Kappa Chapter, in conjunction with the celebration of Kappa's eleventh birthday, with a steak fry on Mr. Lynn Werner's country estate, called "Bull Rimple." The whole affair was not unlike a happy family reunion with the intermingling of old friends and new, joyously partaking of food, and participating in the lighter pleasures of golf, hiking, and dancing. In appreciation of a wonderful display of hospitality, Mr. Werner was presented with a varied selection of shrubbery to further beautify his place.

The Georgia Tech chapter is certainly on its toes, and our support is back of their every effort. A cottage near the Chattahoochee River, with accommodations for twenty-five men, is being secured by lease until the first of the year. A better setting could not be found for outings. There is a swimming pool and barbecue pit, with plenty of fish in the river.

# BALTIMORE

By J. Elwood Armstrong, Jr.

## THE MEMBERS

of the Baltimore Alumni Club were given an opportunity of meeting many of their old buddies when on Saturday, April 16, our club cooperated in the joint initiation held by Chi Chapter at Johns Hopkins University, Baltimore, and Mu Chapter at Georgetown University, Washington. The initiation and banquet were held in Baltimore. Many old-timers were present, and several visitors, including Earl Nash of Mu and Bob Vining of Omega. Brother Nash mentioned the fact that he and Brother Vining had been conducting business transactions by correspondence and long distance telephone for several years, in the usual hard-boiled business manner. Only recently they happened to meet and by pleasant surprise discovered they were fraternity brothers.

We are justly proud of the fact that two of our alumni members carried off the honors in the recent Maryland C.P.A. examination, reported elsewhere in this issue.

Our annual alumni club banquet will be held the last of May and we hope that all alumni residing in Baltimore will arrange to be present at that time.

# BOSTON

By Oliver W. Holden

## BOSTON UNIVERSITY

has again stolen the march on other universities by offering a course in the College of Business Administration, "Business Problems of the Depression." The course is given by Robert Huse, lecturer in Economics, and editorial executive of the New England Council. Some of the problems discussed are:

Our Status Today  
Causes of the Depression  
Economic Aspects of the World War  
The Economic Aspects of the Peace Settlement  
Reparations, War Debts, and Reconstruction Loans  
"The New Era"  
Changes Wrought by Depression  
A "Corner" in Gold  
Will we have Bi-Metallism?  
The Causes and Relief of Unemployment  
Unemployment Insurance and Unemployment Reserves  
Employment Stabilization Through Business Stabilization  
The Problem of Population  
Economic Nationalism and the Post-War Tariff Struggle  
Business Management's Adjustment to New Conditions

While the course is not offered in the hope of curing the present depression, to quote from a bulletin issued by the college,

Time has now given us a useful degree of perspective on the events which preceded the debacle of 1929. With this perspective should come a less emotional and more intelligent approach to the business problems of today.

The Boston Alumni Club was well represented at a formal dance given by Gamma Chapter of Boston University at the Woodland Country Club on April 8. The executive committee is working on a stag party to be held down in one of Charlie Frost's coal sheds in May, and just as soon as the weather is warmer you alumni will receive notices, and possibly a telephone call. Plans for a program of outdoor summer sports are well under way and we should look forward to a most enjoyable summer.

# BUFFALO

By Denton A. Fuller, Jr.

## THE MAJOR EVENT

in Delta Sigma Pi circles of Buffalo during the past few months was the initiation held in April by Alpha Kappa Chapter at the University of Buffalo, at which time plans were successfully concluded for the enlargement of their activities into both the day and evening divisions of the School of Business Administration. The initiation and banquet was held at the Buffalo Alumni Club and was well attended by many alumni. Brother Howard C. Ferrell, secretary of the Credit Association of Western New York, was the banquet speaker. Grand President Schujahn also spoke on matters of general interest to the fraternity.

On two occasions this spring Charles W. P. Atkinson has opened his home to the alumni club for bridge parties. Three stag parties were held during March and April with a large attendance and a satisfactory number of different chapters represented. The program committee under the direction of Fred Strauss and Fred Kirk is working up a program for summer activities in conjunction with the local chapter and which should prove of mutual benefit to all.

# DES MOINES

By Albert Guggedahl

## THE REGULAR

weekly luncheons of the Des Moines Alumni Club continue to be ever popular. The club has adopted the policy of

having a short talk each week by one of the members, on his particular firm, and these have proven very interesting. Some of the subjects follow:

"Railway Transportation and Bus Competition," by Lloyd Perry  
"Automobile Financing and Dead-beats," by Homer K. Young  
"Obtaining Stories for a Home Magazine," by Frank McDonough  
"Retail Credits and Customer Handling," by William E. Woodhead  
"Unusual Life Insurance Policies I Have Written," by Leon A. Garber  
"Selling and Service Office Equipment Machines," by Harold R. Gearhart  
"The Stock and Bond Situation During the Depression," by Clarence S. Mugge  
"Magazine Circulation Problems," by Lester H. Mugge  
"Bank Credits and Problems of the Times," by Irwin Abram  
"Working for an Advertising Agency," by Robert H. Morgan  
"Operation of a Small Retail Business (Ice Cream)," by Kenneth Shawhan  
"Market Analysis as an Aid for Present Day Business," by J. F. Carroll  
"Selling Direct to Consumer," by W. O. Fuller  
"Securing Advertising Accounts for a Home Magazine," by Harold Mathis  
"Handling Insurance Claims for a General Agency," by Arthur Howe.

All members of Delta Sigma Pi coming to Des Moines on business are urged to attend these meetings.

## LOS ANGELES

By H. Morton Petty

**THE MONTHLY ENTERTAINMENTS** of the Los Angeles Alumni Club have been more popular than ever before, with both alumni and active members of Phi Chapter.

The exclusive Beverly Hills Club was obtained by Wallace Hicks for an evening of bridge and a buffet supper on February 27. On April 1 a stag dinner and smoker took its place in the history of the club at the Cobblestone Inn, near Burbank, Calif., under the direction of John Dalzell.

Reynold Stubbs was master of ceremonies for the dinner-dance held in the ballroom of the Elks' Temple in Los Angeles, April 30. This was the last indoor event of the season, as beach parties, horseback rides, and other outdoor activities are being planned for the next several months.

We look forward to meeting members of the fraternity from all over the world this summer during the Olympic games. All visiting Deltasigs are cordially invited to attend our regular Thursday luncheons at the Bull Pen Inn, 533 South Grand Ave., Los Angeles, at 12 noon. These luncheons will be held throughout the summer months.

## MILWAUKEE

By Leon J. Heidgen

**THE MILWAUKEE ALUMNI CLUB** has had a successful year in every respect. The monthly dinners held at the City Club on the second Monday of each month have been well attended. The spring dancing party held at the Schroeder Hotel was an outstanding success. The Delta Chapter orchestra played for this event and furnished some delightful entertainment.

The twelfth annual Founders' Day banquet of Delta Chapter, in which the Milwaukee Alumni Club always plays an active part, was held Saturday, May 7, at the Schroeder Hotel, Milwaukee. While the attendance was not as large as last year, there were eighty present and the party was very enjoyable. Grand Secretary-Treasurer Gig Wright was our guest on that occasion.

Richard J. Lawless acted as toastmaster. Speakers were Gig Wright, Charles Cobeen, Gus Witmeyer, Head Master Monroe of Delta, and several representatives from nearby chapters at Wisconsin, Northwestern, Chicago, and De Paul. Joe Fuss, as per usual, was master of ceremonies and directed the orchestra and led the singing in his usual excellent manner.

## NEW YORK

By James F. Clyne

**THE NEW YORK ALUMNI CLUB** continues to hold its regular get-togethers twice each month on the second and fourth Thursdays at the Downtown Athletic Club, 18 West Street. Two bowling tournaments are in progress among the members, one in big pins and one in duck pins. A number of prizes will be awarded in various events.

On Monday, May 9, an alumni banquet was held in the roof garden of the Downtown Athletic Club, which was well attended. Many of the members witnessed the amateur boxing bouts featured by the Athletic Club that evening, while others participated in bowling, cards, billiards, ping pong, swimming, etc.

## PHILADELPHIA

By Melvin F. Fink

**THE PHILADELPHIA ALUMNI CLUB** is now successfully launched upon a new program of business and social events which promises to be bigger and better than ever before. Meetings are held the third Thursday of each month at either Omega or Beta Nu chapter houses; they are opened with short business sessions, which are topped by entertainment and a light lunch. Noon luncheon meetings are held the first and third Thursday of each month and are well attended by alumni of Omega and Beta Nu Chapters, with quite a few from other chapters.

Among the members of other chapters attending our last luncheon meeting were Ferdinand G. Seulberger, *Cincinnati*, and Guy G. Harper, *Georgetown*.

Brothers of other chapters residing in Philadelphia who have not received notice of our meetings are invited and urged to communicate with us by calling either chapter house in Philadelphia, whose members are well acquainted with all of our activities and will give you full particulars. Plans are being made for a summer home at Ocean City, N.J.

## SAN FRANCISCO

By Belden S. Gardner

**THE ALUMNI** of Delta Sigma Pi residing in the San Francisco region continue to hold their monthly luncheons on the second Tuesday of each month in the Masonic Club in the Palace Hotel. All traveling brothers who pass through San Francisco are urged to be present if at all possible.

On the evening of March 12 some thirty members of the fraternity gathered at the Oakland Hotel, Oakland, to celebrate the tenth anniversary of the establishment of Rho Chapter on the University of California campus. John Paul Jones ably served as toastmaster. A number of the charter members of Rho Chapter were present, including Al Morse, Harry Rasmussen, Milt Kennedy, and Pop Gardner. George Kersley, *McGill*, and Harold J. Cahill, *New York*, were also present. Among old-timers of Rho present were Walt Peterson, Bob Vance, Chris Phelan, Ralph Moslander, and others. Ralph Fisher of the American Trust Company of San Francisco gave an interesting talk about the bridge that will cross the bay from San Francisco to Oakland. Henry F. Grady, dean of the College of Commerce, emphasized the possibility of keeping in touch with the business world by having executives from San Francisco and Oakland talk to the members whenever they have a meeting. Belden Gardner gave a short résumé of the founding of Rho Chapter ten years ago.

# AMONG THE

ΑΒΓΔΕΖ  
ΗΘΙΚΛΜ  
ΝΞΟΠΡΣ  
ΤΥΦΧΨΩ

# CHAPTERS

News From Fifty-five

Leading Colleges

## Beta Basketeers Win Commerce School Championship

Continuing the same fighting spirit that enabled them to win the championship of their section, the basketball team of Beta Chapter at Northwestern University went through to win the School of Commerce title. As fate would have it, Alpha Kappa Psi was the opponent in the final game to de-



The Beta Chapter Basketball Team

cide the supremacy of the school, and also to carry the winner into the finals of the McKinlock championship, which comprises the Schools of Commerce, Medicine, Dentistry, and Law of Northwestern University. The two teams had previously met in a game which was decided by the very narrow margin of one point, so the stage was set for a thriller. The Beta Chapter quintet got off to a good start and were leading

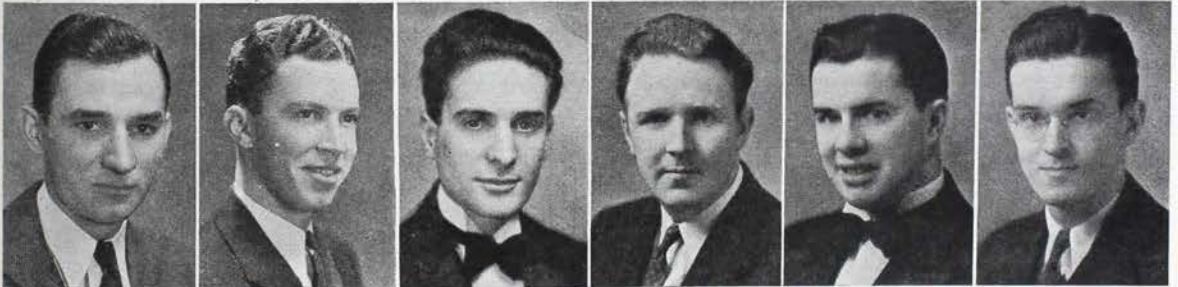
at the end of the first half 11-6. The second half was quite a different story, however, and Alpha Kappa Psi put on a spurt, tying the score at 22-22, with only a few moments left to play. With the coolness that has characterized his playing all season, Captain Gil Mueller broke through with a highly necessary basket, which broke the tie and the final score was 29-25, which gives some indication of the hectic battle that raged in those last few seconds.

With the School of Commerce championship safely stowed away, the team went into the semi-finals, meeting Phi Delta Phi, the champions of the School of Law. The Delta Sigma Pi quintet won this contest by the lop-sided score of 29-18. This brought the team the last and most decisive game with Phi Rho Sigma, champions of the Medical School. Phi Rho Sigma proved to be too good and the final score was 18-12 in their favor. This was the first time in the history of the McKinlock campus that a team from the School of Commerce reached the finals of the McKinlock campus championship. Captain Gil Mueller was high point scorer of the season with 63 points. Beta Chapter entertained their team with a party at the chapter house on March 19, when gold basketballs emblematic of the School of Commerce title were presented to them.

## Many Delta Members Prominent at Marquette

Our Delta Chapter at Marquette University has had an unusually successful year, one of the best since the founding of this chapter twelve years ago. William E. Monroe, Head Master for the coming year, was initiated into Beta Gamma Sigma on April 20. Don Kalitowski was president of the Commerce Club. Eugene Roemer was the representative of the College of Business Administration on the Marquette Union Board. Cecil Molseed was voted the most popular fraternity man on the campus. William D. Murphy served as editor-in-chief of the *Business Ad Digest*, the quarterly publication of the College of Business Administration at Mar-

## Delta Members Prominent on Marquette Campus



DONALD  
KALITOWSKI

CECIL B. MOLSEED

EUGENE ROEMER

WILLIAM D.  
MURPHY

JOHN F. DOYNE

MARVIN R.  
KOMINAREK



Delta Chapter—Marquette University



Beta Eta Chapter—University of Florida



Alpha Eta Chapter—University of South Dakota

quette University. John Doyne was winner of the 1932 all-university oratorical contest, and also served as the chapter representative on the Interfraternity Council. Marvin Komina- rek was elected president of the senior class and also served as chairman of the Business Ad banquet. The chapter won two cups this year in interfraternity athletics; stood unusually high in scholarship; is in an excellent shape financially, and finished the year with 38 members.

## Prominent Boston U. Active



David Desmond, Boston

David Desmond, active member of Gamma Chapter, was selected to represent Boston University at the national convention of Scabbard and Blade, honorary military fraternity, held in St. Louis, Mo., April 7, 8, and 9, 1932. Dave has established a most creditable record at Boston University during his college career. Majoring in Accounting, his scholarship has always been of the highest. Many and varied have been the activities of this unassuming brother. For three years he has been a member of the varsity fencing team. He was manager of the freshman football

team. He was manager of lacrosse, and later a member of the lacrosse team. He also served as all-university representative on the Student Athletic Council. He attained the rating of cadet captain in the R.O.T.C. and was a member of the select R.O.T.C. rifle team. More recently he was appointed a member of the Senior Week committee, and his class of 1932 elected him to the time honored office of class historian.



The officers of Alpha Rho Chapter at the University of Colorado confer with Grand Secretary-Treasurer Wright when he visited Colorado in February.

## Wisconsin Places Two on All-Star Basketball Team

Our Psi Chapter at Wisconsin placed two of its members on the first and second all-fraternity basketball teams at Wisconsin. Harold Michler was placed at center on the first team, Robert Bennett at forward on the second team. Only one other fraternity, Phi Epsilon Kappa (physical education), placed more members on the first two teams than Psi. They should. Psi Chapter went through its entire schedule without a defeat, but unfortunately was paired against the Phi Epsilon Kappa team in the finals, which resulted in a 12-9 victory for the Phi Ep team.

## Four Members of Beta Nu Honored

Four members of Beta Nu Chapter at the University of Pennsylvania, Edmund A. Goddard, Elroy E. Simons, H. Wesley Fox, and Erwin O. Jung were initiated into the Night Watch, senior honorary society at the University of Pennsylvania. The Night Watch is composed of those seniors who by their efforts and attainments as undergraduates are considered most worthy of recognition.

## De Paul Chapter Prominent in Athletics

Winning nine out of ten games, the stellar basketball team of Alpha Omega Chapter at De Paul University, Chicago, ran away with the all-university championship by defeating Beta Nu Epsilon, 27-7, in the finals. Both fraternities had



Mu Chapter—Georgetown University

won eight and lost one game before the finals. The Alpha Omega Chapter team comprised J. and C. Meier, John F. Henrichs, Jr., at forwards, Pinns at center, John T. McAuliffe, D. J. Lapasso, George E. Umhofer, and Edward W. Carmody as guards.

The Delta Sigma Pi team was the high point team for the season, scoring 138 points, while Bob Pinns, center, was high point man with 44 points. He was also selected center of the



Officers of Lambda Chapter, University of Pittsburgh

Left to right: Fred W. Huebner, Treasurer; William Workmaster, Junior Warden; Horace S. Goodykoontz, Head Master; Mervyn W. Glass, Senior Warden; C. F. Hultgren, Scribe.

all-fraternity team by *De Paulia*, university newspaper, five different fraternities placing one man each on the first team. J. Meier was placed at forward on the second team and McAuliffe at guard, making three places out of the possible ten on the first and second team, more than any other fraternity.

John Waugh went through to the finals in the annual tennis championship of De Paul, but was defeated in two straight sets for the championship.

#### Fourth Annual Commerce Day Held at Missouri

Albert E. Ellis, an alumnus of our Georgetown chapter, and assistant manager of the St. Louis district of the Bureau of Foreign and Domestic Commerce of the United States Department of Commerce, spoke on "Promoting Foreign Trade" at the fourth annual Commerce Day of the School of Business and Public Administration of the University of Missouri held April 18. Brother Ellis described in detail the bureau which

operates 59 offices in 47 foreign countries, and 34 domestic offices in the United States, as essentially a fact-finding organization.

#### Delta Chapter Celebrates Twelfth Birthday

Delta Chapter at Marquette University, in conjunction with the Milwaukee Alumni Club, celebrated the twelfth anniversary of its founding, with a banquet held on Saturday, May 7, at the Schroeder Hotel, Milwaukee. Eighty members of Delta Sigma Pi were in attendance. Richard J. Lawless, an alumnus of Delta Chapter, served as toastmaster, and the speakers were H. G. Wright, Grand Secretary of the fraternity, Charles Cobeen, Delta No. 1, A. J. Witmeyer, District Deputy, William E. Monroe, Head Master of Delta Chapter, and representatives from the chapters at Northwestern, Wisconsin, Chicago, and De Paul, all of which sent representatives. (Gregory Schulte)

#### Three Prominent Delta Sigma Pi Athletes



HARRY SCHMITT Marquette  
HENRY SCHWAB Florida  
JAMES STROUPE N.C. State

Harry Schmitt has won his M at Marquette, where he is the star of the varsity track team.

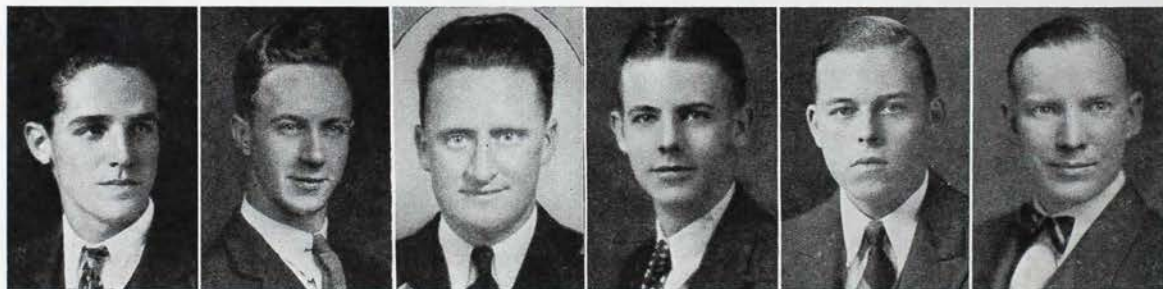
Henry Schwab has won his letter at Florida in cross country. He was recently elected president of the Commerce Club for the coming year.

James E. Stroupe is a tackle on the football team at North Carolina State College.

#### Four Chicago Chapters Hold Formal Dinner-Dance

The four chapters of Delta Sigma Pi located in Chicago held their annual formal dinner-dance Saturday, April 30, in the grand ballroom of the Medinah Athletic Club. This proved to be one of the most delightful social events of the season and was attended by over 120 couples. Ray F. Bitter, *Alpha Omega*, was chairman of the committee in charge.

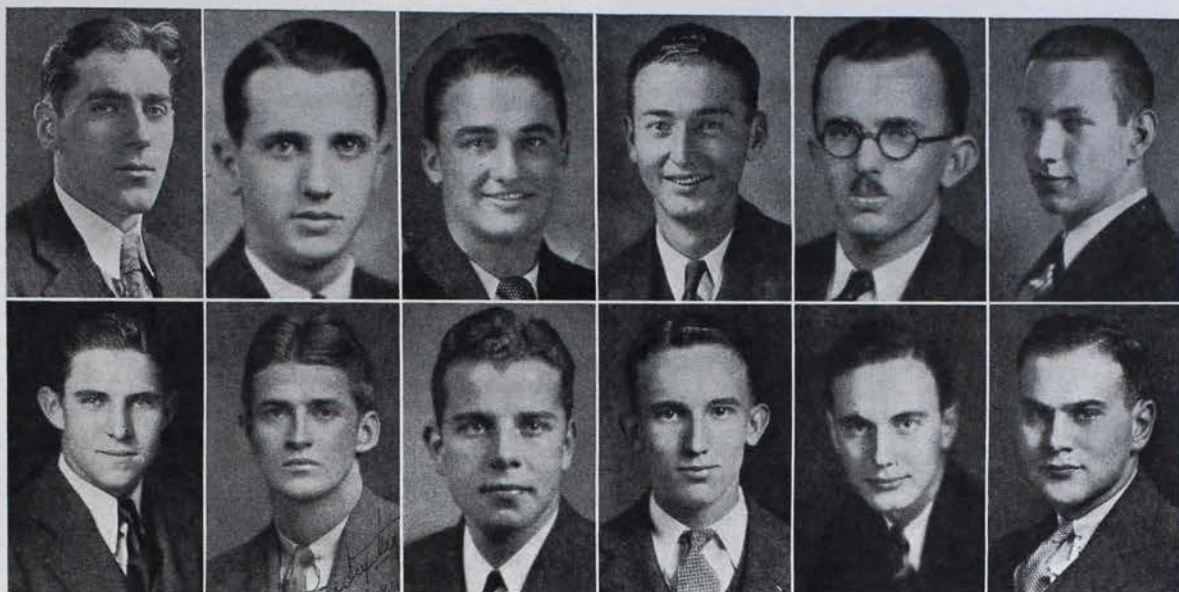
### Elected to Honorary Scholarship Societies



GEORGE T. NUNEZ Florida B Γ Σ  
GLEN BEYRING Cincinnati B Γ Σ  
BENJAMIN STAPLETON Kentucky B Γ Σ  
ROLLAND MAACK Iowa B Γ Σ  
EDWIN G. VAUPEL New York Δ M Δ  
CECIL W. HOPKINS Cincinnati Δ M Δ



## Men of Campus Fame



ERWIN O. JUNG <i>Pennsylvania</i>	ARCHIE F. WARD <i>N. C. State</i>	MILTON S. PULLEN <i>Alabama</i>	MACK H. JOLLY <i>Alabama</i>	R. I. VAN HOOK <i>N. C. State</i>	ROBERT A. LOTHIAN <i>Michigan</i>
H. D. SAMMONS <i>Florida</i>	MILES POINDEXTER <i>Virginia</i>	ROGER C. BAGBY <i>N. C. State</i>	A. I. MCCOWEN <i>Mercer</i>	JAMES C. COTTRELL <i>Colorado</i>	H. WESLEY FOX <i>Pennsylvania</i>

Erwin O. Jung, *Pennsylvania*, is captain of the basketball team of the School of Accounts and Finance.

A. F. Ward, *North Carolina State*, is treasurer of the Y.M.C.A. at North Carolina State College.

Milton S. Pullen, *Alabama*, is business manager of the *Corolla*, college annual at the University of Alabama.

Mack H. Jolly, *Alabama*, is editor of the *Corolla*.

Robert I. Van Hook, *North Carolina State*, is Head Master elect for the coming year.

Robert Lothian, *Michigan*, was elected secretary of the junior class of the School of Business Administration.

Harold D. Sammons, *Florida*, is a member of the Univer-

sity Executive Council, and also represents our Florida chapter on the Commerce and Journalism Council.

Miles Poindexter, III, *Virginia*, is the Head Master-elect for the coming year.

Roger C. Bagby, *North Carolina State*, was winner of the state title in the 100-yard back stroke swimming event.

Albert I. McCowen, *Mercer*, is DELTASIG Correspondent and active in campus affairs.

James C. Cottrell, *Colorado*, is the very active Scribe of our Colorado chapter and also DELTASIG Correspondent.

H. Wesley Fox, *Pennsylvania*, is president of the Evening School Association of the University of Pennsylvania and circulation manager of the *Lantern*.

### Chi Chapter Holds Benefit Card Party

Chi Chapter at Johns Hopkins University, in conjunction with the Baltimore Alumni Club, did their small part this winter in assisting the needy of Baltimore by holding a dona-

tion card party. Through the able work of the committee in charge, of which R. Nelson Mitchell, master of ceremonies and festivities, was chairman, the chapter was able to secure 40 prizes from various business concerns all over the country. The party was held in the Woman's Club of Roland Park,

### Six Members of Nebraska Chapter Elected to Beta Gamma Sigma



EARL HALD	E. K. PETERSON	WALTER H. KELLER	J. F. BAENTELI	HERMAN SIEFKES	GERALD PHILLIPPE
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the only expenses being the rental of the club and the cost of printing the tickets. Candy made by wives, mothers, and sweethearts of the members was sold during the evening. Tickets were 50 cents per person, plus a quantity of old clothes or canned goods. All the proceeds over the expenses mentioned were turned over to Police Commissioner Charles D. Gaither for the emergency fund for the needy, while the donations of old clothes and canned goods were turned over to the central police station for distribution among needy families. Sufficient donations were received to fill a touring car sent by the police department. The committee: R. Nelson Mitchell, J. Hugh Taylor, Maurice L. Borders, Charles Steinbock, Wilson Archer, John L. McKewen, Malcolm Edwards, Walter Baggs, and Ralph Baker. (J. Hugh Taylor)

### Denver Chapter Occupies New House

By far the most significant of all events which have transpired this year at the Denver chapter has been the leasing of a new chapter house for the coming year, 1573 Sherman Street, Denver, just four blocks from the School of Commerce. The house is almost down town, is in excellent condition, and will make an ideal home for Alpha Nu Chapter. It is a large, spacious house, heated by gas, with excellent kitchen facilities. Being so near the business district, the luncheons of the alumni club can be held at the chapter house instead of at a hotel. The house will accommodate about 20 members. A picture will be published in the next issue of THE DELTASIG.

The house committee comprised Raymond Brandt, chairman, Montgomery Smith, Ed Harvey, Merle Borchert, and Curtis Riley. (William A. Plunkett)

### Business Administration Day at Oklahoma

The College of Business Administration at the University of Oklahoma held its second annual business administration day on Thursday, February 11. A half-holiday was granted to all students in college, and the afternoon was devoted to a speaking program. The speakers were prominent business men from various sections of the state, and the subjects discussed were: "Merchandising," "What Industry Expects of the College Man," "The Regulation of Public Utilities," and "The Reconstruction Finance Corporation." Following the floods of oratory a banquet was held in the Student Union building. Thence a dance designed as "Prosperity Dance." Walter Wood, Head Master of our Beta Epsilon Chapter, and also president of the Business Students Association, was in charge of the program for the day and much of its success was due to his efforts and the other members of Delta Sigma Pi who assisted him. (Victor H. Hughes)

### Florida Chapter Makes Industrial Tour to Jacksonville

On Saturday, April 23, 18 members of Beta Eta Chapter went to Jacksonville, Florida, on an industrial tour under the guidance and as host of Walter N. Pearce, *Georgetown*, a member of the staff of the Department of Commerce. Several organizations were visited and the trip proved very enjoyable and instructive. (Peter C. Scaglione)

### Chicago Chapter Has Three Honor Students

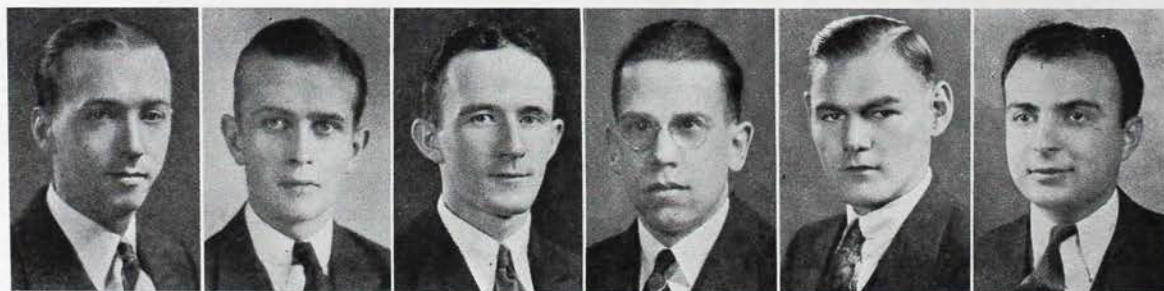
The 1932 edition of honor students of the University of Chicago includes in its roster of illustrious members three members of Delta Sigma Pi, Frank M. Murray, Ernest W. Moldt, and Joseph R. Sherry. Perhaps a word of explanation as to the method of achieving the epithet of "Graduate With Honors" at Chicago would be enlightening inasmuch as it differs considerably from the procedure at other schools. This signal and coveted honor and distinction for meritorious scholastic achievement comes to those who have not only made exceptionally high grades in their classroom work, but as an additional requirement have completed an original piece of research work, which extends for the three quarters of the senior year, upon which an extensive report in written form is submitted before a special committee appointed by the dean, besides an oral examination bearing directly on the work, which resembles a graduate thesis. Brother Murray's subject was "Changes in the Relationship of Wholesale and Retail Beef and Live Cattle Prices During 1929 to 1931 Inclusive." Brother Moldt's subject was "Comparative Wages of Maintenance Work Between That of the University of Chicago and Outside Work." Brother Sherry's topic was "A Study of Grocery Chain Advertising to Determine Their Attitude toward National Brands."

Brother Murray's work was done under the supervision of the Meat Packing Institute; Brother Moldt's study in the Personnel Division; and Brother Sherry's work in the Marketing Division. It is indeed encouraging to have the active members of our chapter continue to be represented on the honor roll year after year. (Joseph M. Kousser, Jr.)

### Kappa Celebrates Eleventh Birthday

Kappa Chapter of Delta Sigma Pi was installed at Georgia Tech April 12, 1921. In eleven years 196 members have been initiated, an average of approximately 18 each year, the present chapter averaging 35 to 38 members. To celebrate the chapter's eleventh birthday, the chapter and many alumni, in company with a decidedly attractive feminine contingent, went forth on Saturday, March 26, to tramp the

## Officers of Beta Nu Chapter at Pennsylvania



E. F. WOOLLEY  
Junior Warden

S. A. JOHNSON  
Scribe

E. A. GODDARD  
Head Master

F. R. KUHNS  
Senior Warden

E. E. SIMONS  
Editor, News Letter

D. H. GATTONE  
Historian

fields to eat steak and be together in celebration of this occasion.

The attendance was the largest of any Deltasig function of the past year. Looked like an old-time reunion, with about 17 alumni and 35 undergraduates and their dates present. After miniature golf, tramping, etc., the attention was turned to the consumption of steak. Brothers Wenn, Dicks, Kitchens, and Smith, together with other brothers of the alumni club, presided at the pit and what a good job they made of it! The steak was good.

It was great to see alumni and undergraduates get together in the name of Delta Sigma Pi. It was fine to think that the eleven years have been years of progress, service, and brotherhood. It is greater to think that the future holds a continuance of that progress to still finer goals. (Howard B. Johnson)

### Nu Chapter Celebrates Tenth Anniversary

The tenth anniversary of the founding of Nu Chapter at Ohio State University was observed on April 11 at the University Club, Columbus, Ohio, with a very enjoyable banquet which was attended by 75. Paul Buehler, director of the Michigan-Ohio-Kentucky province of Delta Sigma Pi, acted as toastmaster. William Burson, Head Master of Nu Chapter, welcomed the members in behalf of Nu Chapter. H. G. Wright, Grand Secretary-Treasurer of the fraternity, spoke on "Delta Sigma Pi, 1907-1932." James Humphreys, District Deputy at Columbus, spoke on "Nu Chapter Progresses." Leland Stoner, alumni treasurer, spoke on "Looking Back with the Alumni." T. W. Reeder, junior dean of the College of Commerce of Ohio State University, spoke on "Adjusting the Commerce Student." Dinner music was provided by Bob Hughes' orchestra. Moving pictures show-

ing the highlights of the Ohio State-Michigan and the Ohio State-Illinois football games last fall were shown through the courtesy of Coaches Sam Willaman and Floyd Stahl, who were also present.

### Beta Man Heads Student Council

If a person were seeking an individual who was truly a representative of McKinlock Campus activity, the search would begin and end with Myron Mitchell. His recent election as president of the Student Council serves only to round out his career of service which covers practically all angles of Commerce School activity. Last year Mike was athletic manager of the Commerce School in charge of all intramural sports, a job which he handled with his usual ability. At the present time, his athletic instinct is satisfied by serving as sports editor of *Northwestern Commerce*, as well as playing basketball and baseball with the Beta squad.

In addition to this phase of endeavor, Mike has been occupied with the position of director of the Y.M.C.A. for three years and of the McKinlock Campus Association for two years. Outside of that, his activities have been confined to various class offices. In the chapter, he has been a constant source of inspiration by his effective work, both as an officer and as a true man of Beta who believes that only by hard and patient work can the fraternity flourish. His efforts have been well rewarded as the record of progress made will readily indicate.

Strange to say, extensive participation in extra-curricular activities has not affected Mike's ability as a student for in the last year he was third in scholarship in the chapter. Beta Chapter is proud to number him among its members and feels sure that he will continue to carry the torch for some time to come. (Erling N. Peterson)



The Delta Sigma Pi House at the University of Michigan

## The Banking and Monetary Regime of Argentina

(Continued from page 197)

1931, the *Banco de la Nacion* had never made use of this prerogative, that is, it had never taken a single document to the Conversion Office for rediscount.

### No Legal Reserves

Banks in Argentina—the *Banco de la Nacion* excepted—are not required by law to keep reserves against their deposits, but they generally maintain cash reserves of over 20 per cent, lower reserves giving rise to unfavorable comment. Some of the banks have reserves amounting to as high as 45 per cent.

### Concentration of Banking

Argentine banking is largely concentrated in the city of Buenos Aires—capital of Argentina—and is characterized by the wide radius of action of a relatively small number of banking institutions.

Branch banking prevails. The *Banco de la Nacion Argentina* has close to 250 branches and agencies established from end to end of the republic. The other banks have together about 500.

### Government Banks Important

Official, government-owned banking institutions constitute an important part of the banking structure and offer much competition to the private banks.

Of the commercial banks the most important official institutions are the *Banco de la Nacion Argentina*, the *Banco de la Provincia de Buenos Aires* and the *Banco de Cordoba*.

"The *Banco de la Nacion* and the *Banco de la Provincia de Buenos Aires* are the two premier institutions of Argentina. Between them they carry 54

## Number of Banks

The number of banks tends to diminish rather than to increase. Consolidation and fusion—or extinction—of several of the smaller institutions seem to be the present trends. Very few bank failures have taken place in Argentina in the last 20 years.

At the end of 1916 there were in Argentina 92 active commercial banks (exclusive of 385 branches) constituted thus:

Corporations	65
Partnerships	1
Cooperative	12
Profit-sharing	1
Individual	2
State Institutions	10
Mixed	1
	<hr/> 92

At the end of 1925 there were 91.

### The Use of the Cheque

The use of the cheque is not as widespread as it might be owing to inadequate legislative protection but the banks are making determined efforts to acquaint the people with its advantages. It has been stated that when the law is so amended as to give full protection to the *bona fide* use of cheques, one may expect to see a marked growth of current account business, but at the present time, under existing conditions, it is generally recognized that little can be done to expand operations in this department.<sup>5</sup>

### Heterogeneous Nature of Banking

Banking in Argentina is of a heterogeneous nature, that is, a bank is authorized to perform practically any kind of

TABLE II  
GROUPING AND CONDITION OF COMMERCIAL BANKS OF ARGENTINA  
AS OF DECEMBER 31, 1925  
(Figures expressed in 1000 paper pesos)

Groups of Commercial Banks	Number of Banks	Capital and Reserves	Advances	Deposits (1)	Cash Reserves
1. Banks operating conjointly in the Federal Capital and in the interior.	18	551,779	3,323,276	3,142,454	736,757
(a) From the Federal Capital	14	443,403	2,821,325	2,728,127	613,395
(b) From the interior	4	108,376	501,951	414,327	123,362
2. Banks operating exclusively in the Federal Capital.	22	107,278	463,253	353,846	94,673
3. Banks operating exclusively in the interior	51	51,171	170,004	140,919	20,135
Total	91	710,228	3,956,533	3,637,219	851,565

(1) Including deposits by certain banks in other banks and in the clearing houses, totalling 232,652,000 paper pesos.

From: "The (London) Times," *Book on Argentina*, 1927, p. 196. Originally in *Censo Bancario de la Republica Argentina 1925*, published by the Argentine Bureau of Statistics, Buenos Aires, 1926.

per cent of the banking deposits of the country, and a shade over 50 per cent of the advances, while their percentage of the cash in hand is still more pronounced, being close upon 60."<sup>4</sup>

In the field of mortgage, construction and pension banks the *Banco Hipotecario Nacional*, also a government-owned organization is represented by at least 85 per cent of the total loans of this kind.

<sup>4</sup> *The Economist*, (London, 1927), Vol. 104, p. 535.

<sup>5</sup> For a more detailed exposition see:

(a) *The (London) Bankers' Magazine*, 1926, Vol. 122, pp. 42-43.

(b) C. J. Shea, "Use of the Check in Argentina" in the (*New York*) *Bankers' Magazine*, 1929, Vol. 119, pp. 247-251.

business that it may choose. The law does not recognize different types of institutions; it does not define them. The scope of the operations of the banks of Argentina is very broad, as not only ordinary commercial business, including foreign exchange, is transacted, but savings accounts are carried, investments are placed, insurance is sold, trust activities are permitted. This variety in banking services is promoted by the liberality of Argentine legislation. In many respects Argentine banking, being without anything in the nature of direct official control, is the freest in the world.

## Miscellaneous

Credit terms are liberal and there is a notable absence of the insistence upon collateral guarantees usual in the older countries before advances are entertained. "Another characteristic (of Argentine banking) is the high proportion—in comparison with other countries—of loans granted here on individual signatures, without collateral security. The explanation of this is to be found in the fact that the majority of those engaged in pastoral and agricultural activities are private parties, not registered as traders."<sup>6</sup>

There is a predominance of commercial operations in the banks of Argentina. Long-term banking activity for capital purposes, and of a creative nature, is, however, on the increase.

The variety of nationalities represented in the formation of the economic and social life of the country gives to the banking structure of Argentina a marked international character.

The Argentine law requires foreign banks to assign a definite part of their capital to the branch opened in Argentina, this capital to be paid in gold into the *Caja de Conversion* in exchange for paper money.

Banks pay trading licenses varying in amount with the volume of their business. Branches pay 1,000 paper pesos each.

Banks of the city of Buenos Aires were paying at the end of December, 1931, between 5¼ and 6¼ per cent for three-month time deposits and from 6 to 6¾ per cent for six-month and over. On the other hand, rates for overdrafts remained at 8 to 9 per cent, those for discounts being lower at 7½ to 8 per cent.

### Classification of Argentine Banks

When the National Bureau of Statistics (*Oficina de Estadística de la Nación Argentina*) made its first census of the banks of the country (1925), in publishing its results it classified credit institutions in three categories: deposit and discount (commercial), mortgage, and pignorative (pawnbroking) banks. It added to this as an isolated specimen the *Caja Nacional de Ahorro Postal* or National Postal Savings Bank. This classification is based on the nature of their principal operations. The pawnbroking banks operate on a relatively small scale with guarantee of personal effects deposited by the pawnier; mortgage banks interest themselves mostly in long-term advances guaranteed by mortgage; and the deposit and discount banks extend short-term credits to merchants, manufacturers, and producers in general, secured by (a) the guarantee furnished by the reputation and solvency of the person or firm; (b) by commercial documents; (c) by securities in the form of bonds or stocks; (d) by agricultural and pastoral pledges. But, although these are their chief purposes, they are not their only ones. Since there is not much specialization, it follows that the operations of a number of banks are similar to those effected by banks classified in a different category.

To get a clearer conception of the banking structure of Argentina the following classification—based on ownership

rather than on the nature of their principal operations—may prove both useful and pertinent:

- Government-Owned Banking Institutions.
  - A. National Institutions
    - 1. Commercial official bank: *Banco de la Nación Argentina* (Bank of the Argentine Nation)
    - 2. Official institution authorized to issue notes: *Caja de Conversion* (Conversion Office)
    - 3. Official institutions closely connected with commercial banking:
      - a. *Banco Hipotecario Nacional* (The National Mortgage Bank.)
      - b. *Caja Nacional de Ahorro Postal* (The Argentine Postal Savings Bank.)
  - B. Provincial (State) Banks
    - 1. Public (capital provided by respective Provinces)
    - 2. Semi-public (half owned by Province and half by private shareholders)
  - C. Municipal Banks
    - Mostly pignorative or pawnbroking banks.
- II. Private Banking Institutions
  - A. Commercial domestic banks (with Argentine private capital)
  - B. Foreign commercial banks (vinculated to or branches of foreign banks)
- III. The Clearing Houses

### Banco de la Nación Argentina

"With 230 branches and agencies, established from end to end of the Republic and staffed by close on 6,000 employees, the influence of the *Banco de la Nación* in Argentine affairs is heightened by the fact that it does not profess eagerness for profit-making, but rather claims a right to devote its energies to the task of aiding production in all its forms, even at the risk of incurring a certain, if temporary loss in specific cases. Failure of a harvest may be met by the provision of long-term loans to farmers who, judged from an ordinary banking standpoint, would be refused facilities, and many big businesses have been saved from liquidation by assistance spread over a long term of years, at a charge which in many cases has proved almost nominal when the final accounts were made up. Ably directed and carefully managed, the *Banco* being in all probability the greatest triumph of administrative effort in a practical field that modern Argentina can show."

"The London Times," *Book on Argentina*, 1927

### Foundation of the Bank

The *Banco de la Nación Argentina* was created by Law 2842 of 1891 (October 12), following the panic of 1890,<sup>1</sup> with a capital of 50,000,000 paper pesos, for the purpose of transacting the business of the Government and as a shareholders' bank. The rights and privileges which had been conceded to the extinct National Bank<sup>2</sup> (national funds, judicial

TABLE III  
CLASSIFICATION OF THE BANKS OF ARGENTINA  
DECEMBER 31, 1925

Nature of the Institutions	Total	Argentine	Foreign
I. Commercial Banks	91	78	13
II. Mortgage Banks	15	12	3
III. Pignorative Banks	6	6	0
Totals	112	96	16

<sup>6</sup> Carlos A. Tornquist, "The Argentine Banking System," in *The Review of the River Plate*, Buenos Aires, June 25, 1926, pp. 21-22.

<sup>1</sup> See Williams, John H. *Argentine International Trade Under Inconvertible Paper, 1880-1890*, Harvard University Press, 1920.

<sup>2</sup> By article 67, paragraph 5, of the Argentine constitution Congress was authorized to establish a *Banco Nacional* (Central Bank) in the federal capital, with branches in the provinces, having the right to issue bank notes.

The *Banco Nacional* was opened in 1873 with capital subscribed in part by the government and in part by private shareholders. It was empowered to issue bank notes. For some years this bank was a powerful institution, helping the development of Argentine industries such as sugar in Tucuman, the wine industry in the Provinces of Mendoza and San Juan, and agriculture in the Province of Santa Fe. It experienced financial difficulties in the crisis of the year 1890, went into liquidation April 7, 1891, and was replaced by the *Banco de la Nación Argentina*. The *Banco de la Nación* was accorded all the rights and prerogatives granted to the *Banco Nacional* except the right to issue bank notes.

deposits, and exemption from taxes) were accorded to it. Its capital was divided into 500,000 shares of 100 pesos each to be offered to public subscription. The new institution arose on the ruins of the two great official banks (the National Bank and the Provincial Bank<sup>3</sup>) and it had to commence operations at once, without waiting for the subscription of the shares, with a provisional board of directors, appointed by the Executive and a debt contracted with the Caja de Conversion, which, on its side, had been authorized to issue in notes the fifty millions assigned to the bank as capital.

The bank was founded in times so critical that nothing but the faith, the confidence and the energy of the then President of the Republic, Dr. Carlos Pellegrini, could have secured the triumph of a law which was bitterly opposed by the press, the banks, and a great part of the trading community.<sup>4</sup>

In an atmosphere of hostility, in the midst of a crisis which had shaken to its depths Argentina's economic organization, bereft of public confidence, without any save official elements but with a board of directors who were men of the first rank in the social and commercial order of Argentina, the *Banco de la Nacion* opened its doors on the 1st of December, 1891.

The law laid down that the bank should return to the *Caja de Conversion* the funds received in proportion as the shares issued were taken up. The Conversion Office, on its side, was to burn these notes, crediting the sums handed over by the bank to the account for notes so issued in advance, until that account should be entirely closed.

The issue of shares did not meet with success. Of the total 500,000 shares but 51,476 were subscribed. The Government ordered a return of these values to the subscribers.

The Bank continued to work in a form which, if not irregular, was at least not that contemplated by the terms of the law laid down. It was, therefore lacking in the stability which the importance of its development required.

### Law 4507 of 1904

A law of September 30, 1904, put an end to this ambiguous situation. The Bank was definitely recognized as an official bank, the Nation assuming responsibility for all its deposits and operations.<sup>5</sup> The capital was fixed at the 50,000,000 originally granted to it, and the Conversion Office was ordered to cancel the debt contracted for this issue, as well as the bond of 500,000 shares which the Bank had given it. Later laws (1907 and 1908) provided for the increase of the capital to 100,000,000 paper pesos. As by article 20 of the act of 1904 the profits of the bank are to be applied one-half to increase of capital and the remainder converted into gold, to reserve fund,<sup>6</sup> these two accounts as of January 31, 1932, stand as follows:

<sup>3</sup> "This was a bank of issue, having fiscal privileges, and became a very powerful institution. It was, indeed, the pioneer and founder of the wealth of the country, its useful practice being to loan its money at low interest with a 5 per cent amortization each 3 months, to the farmers and owners of the land, enabling them to improve and develop the ranches. By such means did the principal land owners of Argentina make their fortunes. This bank had close relations with Messrs. Baring Bros. & Co., and became very powerful, having large credits in London and controlling the exchange market for many years, nevertheless the financial and political crisis of 1890 caused its suspension. To-day it is half owned by the Province of Buenos Aires and half by private shareholders." *The Americana*, Vol. 2, p. 217.

<sup>4</sup> "I admit that this Bank is founded against the judgment of certain groups, from which many draw their inspiration, but the interests of the Argentine Republic are not the interests of just a circle, and I can assure you that the true opinion of the Republic and its federal capital is favorable to the new institution." From a speech made by Senor Carlos Pellegrini on October 26, 1891, in the presence of the provisional Board of Directors.

<sup>5</sup> Article 10. The National Government assumes direct responsibility for all the deposits and operations of the Bank.

<sup>6</sup> Article 20. Half of the profits of the Bank shall be converted into gold and added to the reserve fund; the remaining half is to be applied to the increase of capital.

<sup>7</sup> Article 3. The Bank is empowered to transact any banking operation which its Board of Directors may consider fitting and which is not prohibited by this law.

Article 4. The Board of Directors will consist of a president and six directors, to be appointed by the Executive Power with the consent of the Senate. Their term of office will be four years. The Executive Power will appoint half of the directors every two years. The members of the Board may be reelected. The Board will elect at its first session a vice-president who will exercise the duties of the president in case of the latter's resignation, absence or accident.

<sup>8</sup> Article 11. The Bank must keep a reserve representing at least 25 per cent of its total deposits.

Article 12. The Board of Directors shall not extend credit to state and municipal governments, only to the National Government, and not to exceed 20 per cent of the capital of the Bank.

Article 14. The Bank is authorized to rediscount paper from the portfolios of other banks and to use up to 20 per cent of its funds in bonds of the national public debt acquired in the open market, but is not allowed to underwrite public loans on its own account.

Article 15. The Bank shall keep the money of the Treasury, the judicial deposits, those of all the governmental departments and the reserve fund of corporations which are required by law to maintain it in ready cash.

Article 16. The Bank shall act as financial agent of the National Government in matters of exchange and, in any other operation that it may perform, any time that the government so requires it.

<sup>9</sup> Article 6. The *Banco de la Nacion* is authorized to use the Conversion Fund exclusively in the purchase and sale of foreign drafts. The Executive Power shall regulate these operations.

Capital 163,400,785 paper pesos  
Reserve fund 30,141,752 gold pesos or  
68,421,777 paper pesos.

The *Banco de la Nacion* is an entirely government-owned institution. It is managed independently of the government by directors named by the president of the republic with the consent of the senate.<sup>7</sup> It operates largely as a commercial bank and competes with other commercial banks.

The *Banco de la Nacion* is the largest and greatest of all Argentine banks. It has close to 250 branches and agencies established throughout the republic and carries roughly 40 per cent of the total banking transactions conducted by the commercial banks of the country.

The *Banco de la Nacion Argentina* acts in the capacity of fiscal and financial agent of the national government; keeps all judicial deposits; carries the deposits of the bankers' clearing houses; may not loan to the national government more than 20 per cent of its capital and reserves; and is not allowed at all to extend credit to the state and municipal governments.

The Bank has the right to employ up to 20 per cent of its funds in bonds of the national public debt, acquired in the open market, and its organic law requires the keeping of a 25 per cent reserve against its total deposits.<sup>8</sup>

### Center of Argentine Banking

The *Banco de la Nacion* is the center of Argentine banking. Although not a central bank it acts as a "bank of rediscount" for the other credit institutions. Before the war the banks worked entirely aloof from one another for lack of a central institution to connect them up. The war having at once made more apparent the absence of, and the need for, a common bond of contact laws 9479 and 9577 were enacted in 1914 making rediscounting possible. This was in agreement with article 14 of Law 4507 which conferred upon the Bank the right to rediscount commercial documents to the other credit institutions of the country.

Article 1 of Law 9479 reads as follows: "As long as the *Banco de la Nacion* is unable to utilize the Conversion Fund in the exchange operations mentioned in Article 6 of the Conversion Law,<sup>9</sup> it is authorized to convert and to mobilize it in whatever way the Board of Directors may consider proper."

Article 1 of Law 9577 states: "The Conversion Office upon being duly authorized by the Executive Power will deliver, free of interest, currency notes to the *Banco de la Nacion Argentina* against receipt of commercial documents from its own portfolios or documents which it may have rediscounted for other banks of the republic, provided that the guarantee of the fiduciary issue does not fall below 40 per cent, as established by law 9479."

Laws 9479 and 9577 were passed to provide the *Banco de la Nacion* with resources to perform the functions of redis-

counting. The Banco de la Nacion was granted the right not only to use the 30,000,000 gold pesos of the Conversion Fund, but also to draw paper money from the *Caja de Conversion* to cover its rediscount transactions, if necessary.

We must distinguish here between the ordinary rediscount operation with the *Banco de la Nacion*, and rediscounting with the *Caja de Conversion*.

(a) By authorizing the Bank to mobilize the Conversion Fund, laws 9479 and 9577 of 1914 extended the individual banks an opportunity to begin rediscounting with the *Banco de la Nacion*, a practice which was unknown in Argentina at the time but one which has become general ever since and which requires no special legislation. Article 14 of the Statutes of the *Banco de la Nacion* (Law 4507 of 1904) confers upon it the right to do so. Furthermore, in Argentina banks may rediscount their portfolios in any other institution willing to do it.

(b) By permitting the *Caja de Conversion* to issue to the *Banco de la Nacion* legal tender notes in exchange for eligible paper, laws 9479 and 9577 extended the Bank the privilege of obtaining from the Conversion Office paper money without delivering gold.

The *Banco de la Nacion* demands a greater sum than the amount it rediscounts. The amount showing the documents rediscounted plus the margin of guarantee appears on the assets' side of its balance sheet, under Rediscount Laws 9479 and 9577; the amount showing the margin of guarantee appears on the liabilities' side under *Margin of Rediscount*.

The *Banco de la Nacion* managed to rediscount for the individual banks without resorting to the aid of the *Caja de Conversion* until April 25, 1931, when a government decree authorized the bank to rediscount eligible commercial paper with the *Caja de Conversion* up to 200,000,000 paper pesos. A rediscount committee was appointed to supervise and control these rediscounting operations. Of late the bank has been authorized to rediscount with the *Caja de Conversion* to its full legal limit. (The gold ratio must not fall below 40 per cent.)

TABLE V  
REDISCOUNT BALANCES AT THE  
CAJA DE CONVERSION

End of	Millions of paper pesos	End of	Millions of paper pesos
April 1931	106.8	September 1931	237.4
May 1931	106.3	October 1931	264.4
June 1931	118.0	November 1931	316.5
July 1931	171.5	December 1931	359.2
August 1931	189.8	January 1932	359.4

From *Revista Economica*, Banco de la Nacion Argentina, Buenos Aires, January, 1931, page 12.

### Regulation of Credit, Money and Exchange

The Bank is directly interested in the regulating of credit, yet it has no power of control over the money market by the establishment of a recognized minimum rate of discount.

"As is but natural, given the purely banking character of this Institution, the direct effects of the change of rates has only been felt within the circle of its own business. This is naturally the reverse of what would happen in a central bank where, owing to its connection with private banks, the raising of its discount rate would affect the whole of the monetary market."<sup>10</sup>

As has been remarked "strictly speaking there is no official bank rate in Argentina, though in actual practice the published discount rate of the *Banco de la Nacion* is thus regarded. It is not necessarily acted upon, either by commerce or the other banking institutions. For at present the *Banco de la Nacion* rate of discount cannot be rendered effective, as far as the Argentine market is concerned. It is an indication

rather than a threat, an excuse rather than a reason, for private banking institutions to give the screw an extra half turn."<sup>11</sup>

In order to maintain the monetary circulation at a figure more or less in harmony with the needs of the country, the Bank has always aimed to neutralize too brusque fluctuations in its amounts. The quantity of outstanding notes was until April 25, 1931, strictly dependent under normal conditions upon the inflow and outflow of gold to and from the *Caja de Conversion*. The only thing the Bank could do, therefore, was to deposit in, or to withdraw from, the *Caja* much or part of its own gold.

When, for instance, the pronounced weakness of the peso exchange on New York resulted in the exporting of large quantities of gold, in the removal from the Conversion Office by the individual banks of much of this gold in exchange for paper pesos or notes, and in an excessive contraction of the circulating medium, this reduction used to be partly offset by the deposit in the *Caja de Conversion*, from the bank's own reserves, of sufficient gold to compensate as much as possible the withdrawals from the *Caja*. This deposit necessitated the issue by the latter of a respective amount of legal tender notes and greatly checked the decrease in the monetary circulation. Likewise when the firmness of the peso exchange gave rise to a large influx of gold the Bank avoided unnecessary inflation by keeping in its own vaults much of the metal which came into its possession. Thus paper money circulation did not increase to that same degree.

Such was the case when the Bank did not have any other means of regulating the volume of currency in circulation, but today through the operation of the "rediscounting law" the Bank is also allowed to use for such purpose eligible commercial paper.

It has been customary for the Bank to mobilize its own specie reserves for the purpose of aiding the peso exchange, that is, to ship specie taken from its treasury to meet exchange transactions.

Extraordinary occasions require extraordinary measures. On December 31, 1930, the Provisional Government empowered the *Banco de la Nacion* to use the Conversion Fund to peg the peso. That proving insufficient to halt the peso's depreciation in value, on January 13, 1931, the Bank was likewise empowered to retire gold from the *Caja de Conversion* with the currency obtained from the sale of drafts, thus permitting the Bank to rebuild the Conversion Fund as many times as necessary. On October 10, 1931, bankers accepted the suggestion of the *Banco de la Nacion* for mutual appointment of an exchange-fixing board of five members established for the purpose of limiting business in foreign exchange to the real requirements of international trade, of eliminating the anarchical conditions obtaining on the foreign exchange market and of stopping the speculation against the peso.

Although not expressly obliged by its organic law to assume all these responsibilities, the bank due to the magnitude of its transactions and the national character of its policies as an official bank has considered it its duty to do as much as possible. Its influence has been necessarily limited because the bank lacks both the required organization and the technical means to be fully effective.

### No Eagerness for Profits

The Bank pays no dividends and does not profess eagerness for profit-making. In times of crisis or depression it affords prompt aid to all legitimate demands for credit throughout the republic. At times when no one wishes to lend money the Bank undertakes to furnish credit against guarantees or against no guarantees at all. This attitude serves to reestablish confidence and to encourage other banks to operate freely with their available funds. During critical periods the Bank not only intervenes with financial assistance to the general public but also assures the banks of the benefits of rediscounting. By means of its credit policy it endeavors to

(Continued on page 224)

<sup>10</sup> Annual Report, *Banco de la Nacion Argentina*, (Buenos Aires, 1930), p. 6.

<sup>11</sup> (*London*) *Bankers' Magazine*, Vol. CXXVIII, 1929, p. 671.

## Melvin A. Traylor—Homespun American

(Continued from page 199)

quent pleas to elect William McKinley. The Democratic Committee challenged him to debate the issues, and when he accepted they put Melvin Traylor against him. In spite of the older man's advantages of experience and popularity, the boy—not yet eighteen—managed to hold him even. Old-timers in Adair talk about those debates to this day.

During his stay at Columbia, Brother Traylor won the friendship of General Garnett, an old Confederate officer and leader of the county bar. The boy felt that knowledge of the law would be useful to him; so he borrowed the General's copy of Blackstone's *Commentaries* and read it faithfully in the intervals of labor and of other studies. After school the veteran used to quiz him on what he had read the night before. General Garnett let Melvin take the volume home after school closed, and he spent hours in it every evening. Meantime the urge of his limitless ambition caused him to write to his father's cousin in Texas, who assured him that a lively young fellow would thrive in that state. While he was studying law, working on the farm and in the store, trying to save enough to take him to Texas, opportunity knocked at his door. Or so it seemed.

### A Venture in Salesmanship

A smooth-tongued stranger came into the store and showed a handsome, shiny patent monkey wrench of a novel design. It would never let go, and it would twist the most stubborn nut that ever resisted the efforts of man. A farmer, convinced by the agent's eloquence, bought a wrench for two dollars and hurried home to use it.

"One dollar profit for me in that little deal," said the stranger to Melvin, smiling as he tucked the bill in his wallet.

"Could I get an agency to sell these wrenches?" Melvin asked eagerly.

"Wel-l-l," the traveler replied, "you seem a likely young fellow." In spite of his elegant city clothes and wise metropolitan manner, he was as nice and friendly as could be. "We want men like you," he continued affably, "to introduce this wrench in the state. I reckon I'll sell you the exclusive right to represent us in Larue County for a hundred dollars—"

"But, Mister, I've only got seventy-five," Melvin interupted sadly.

"We won't let that stop us," said the elegant gentleman. "Larue County's yours for seventy-five dollars."

The boy handed over his hard-earned savings and received a formal document authorizing him to fill Larue with the marvelous monkey wrenches. Next morning he set out with his samples astride the pony his father had given him on his sixteenth birthday. The county line was thirty-five miles away, but he crossed it before nightfall. Early the next day he began to make Larue County patent-monkey-wrench-conscious, but he found the farmers singularly skeptical. Also they declared that two dollars was two dollars, not to be thrown away on fancy contraptions. But Melvin rode from door to door, and argued, pleaded and demonstrated—and sold about one customer out of ten.

At Hodgenville, when he was nineteen years of age, he saw his first railroad train, a more startling sight than his first airplane was years later. He made up his mind that some day he would ride in the cars and see the world. In a store near the depot he was exhibiting the marvels of the monkey wrench when a tall mountaineer interrupted to ask whether he could get an agency for that wrench, which he said looked right clever.

"I'll let you have the right to sell all Larue County for twenty dollars," said Melvin. "You'll have to work some, but it's worth twenty."

In a few minutes the deal was closed, the mountaineer had the sample wrenches and a document entitling him to sell all he could of them, and Melvin Traylor was urging his pony toward Adair County. He did not linger on the way. More-

over, he thought long and hard during the homeward journey of thirty-five miles. He had paid the smooth city fellow five times too much for his agency; and his first business deal which he thought would lead on to fortune, had cost more than half his savings. But he had learned a valuable lesson, by which his clients and depositors have benefited since—to investigate carefully before he invested any money in the goods of a high-power salesman.

### Bound for Texas

In his twenty-first year Brother Traylor was off for Texas. He sold his pony, bought a suit of store clothes for eight dollars, and left home with sixty dollars in his pocket. He sat on the box of an old-fashioned stage coach, and the driver let him handle the four horses over several miles of the winding mountain roads on the way to Campbellsville, where he was to take the train. This was his first train trip and he was glad to find an old friend on the coach, Judge T. A. Murrell, of Columbia, who was bound for Central Texas. Riding on the cars was a new and risky business, and the boy was glad to put himself in the judge's care. By the time he had passed through Memphis, he had become accustomed to the strange motion of the cars, but he could not get rid of the notion that something serious was likely to happen at any moment.

The judge and boy, fast asleep in their places in the day coach, were awakened late that night by a sudden screech of the locomotive whistle and the crunching of the brakes. Somehow a dispatcher had let the train running in the opposite direction start toward them on the one-track road, but the two approached each other on a long, straight stretch, and they were able to stop without a crash. Young Traylor was glad when he arrived at Hillsboro, Texas, a prairie town, fifty-miles south of Fort Worth. It was late at night and raining so hard that the trainmen let the boy stay in the coach until daylight—for a small fee.

With only fifteen dollars left of his savings, Melvin Traylor quickly got a job in a grocery store at twenty dollars a month. All he had to do was to milk a cow and feed the horses at half-past five in the morning, make the rounds of customers after breakfast and get their orders; then deliver them with a mule team, and help in the store until three in the afternoon. He soon found out that a member of the volunteer fire company could sleep on a cot in the engine house; so he joined the fire department and saved the two dollars a week that he had paid for a room. He still had some time to spare.

In short order Brother Traylor organized a complete program. He worked for the grocer from five-thirty in the morning until three; read law in a lawyer's office until supper time; acted as night clerk at the hotel from seven until midnight for which he got his meals; then went to sleep at the fire house—going out, of course, on all night alarms. After two years of this routine, he was glad of a chance to see California. He went out in charge of two carloads of hogs, and delivered them in Los Angeles on time. But the return ticket the shipper had promised him was not there. He was stranded.

By a lucky chance Brother Traylor met another Kentucky lad, who lent him a cot in a car-load of furniture in which was a temperamental cow, bound for Berkeley. When smoke in a tunnel annoyed her, she began to wreck the load, but Brother Traylor quieted her, and got out of the car at Bakersfield. He paid his last dollar for a ride to his uncle's farm, and there he was set to work on a combination harvester drawn by thirty horses. This was one of the first machines that cut, bound, and stacked wheat. All he had to do was to run the harvester from dawn till dark and feed ten of the horses. On Sundays he washed his clothes and mended harness. His summer's pay was \$120 in gold, and with this in his pocket he went back to Hillsboro to continue his education.

On the way Brother Traylor spent some time in San Francisco, Ogden, and Salt Lake City, Utah, where he learned a lot about cattle shipping and buying.



He had expected to receive board and lodging in payment for his services as janitor at the Patterson Institute in Hillsboro, and when this was not forthcoming he went back to his cot in the fire house. They elected him captain of the fire company after a while. He worked in a grocery store until April, when he was elected city clerk over six other candidates. He passed his bar examination and received a license to practice law, in 1901. With home always uppermost in his mind he then for the first time felt able to visit his parents in Kentucky, and when he returned to Hillsboro he took one of his brothers with him.

### From Law to Banking

After four years of law, including a term as assistant county attorney, the field of banking beckoned to Melvin Traylor. He asked O. G. Bowman, cashier of the Citizens' National Bank, for a job. He was anxious to learn the business, so he did not ask for much pay. He studied banking as diligently as he had studied law, and at the end of two months the president of the bank paid him two twenty dollar gold pieces and sent him down to run a bank at Malone, Texas, then a town of one hundred and fifty inhabitants. Traylor was bank manager, janitor, and night watchman. Between the desk room and the bank vault was a four-foot corridor, and in this he slept on a cot.

Within two years Brother Traylor had changed the bank from a losing to a profitable concern, and he went back to Hillsboro and married Miss Dorothy Arnold Yerby, to whom he had been engaged for some time. Their wedding journey was the railroad trip to Malone. His salary was seventy-five dollars a month. Presently he was made cashier of the Citizens' National Bank in Ballinger, Runnels County, and when this was consolidated with the First National Bank he was elected president of the united business. He was thirty years old.

As the chief industries of Texas were cattle raising and farming, the prosperity of the community and the bank depended on the prosperity of the cattle man and the farmer. Melvin Traylor quickly appreciated their problems. He became so expert in farm and cattle loans that he was soon known far beyond the borders of Texas. The Stockyards National Bank of East St. Louis made him vice-president in 1911 because he knew the subject so thoroughly. Here his field of operations included the entire southwest.

Young cattle and sheep grown on the ranches of Texas, New Mexico, Colorado, Utah, Idaho, Montana, and Wyoming are sold at the stock yards at Denver, Omaha, Kansas City, Sioux City, St. Paul, East St. Louis, and Chicago. There they are brought by farmers in the corn belt as "feeders" on their farms, where they remain until they are ready for market.

To carry out this program, cattle men and farmers depend on loans advanced by the banks that specialize in this business. Melvin Traylor knew so intimately all the details of it, through his actual experience on the farm and the range as well as in banking, that in 1914 he was called to Chicago, to serve as vice-president of the Live Stock Exchange National Bank at the Chicago Stock Yards. The thousands of friends he made in his dealings with farmers and cattlemen are the people who started the movement to make him President of this country.

### Called to Down-Town Chicago

Within two years Brother Traylor was president of his bank and of the Chicago Cattle Loan Company. He was noted for his energy, courage, clear vision, and executive ability. When the World War came, he organized the local Treasury Certificate of Indebtedness campaign, and managed it with so much enthusiasm and skill that he led the entire Seventh Federal Reserve District in sales. Two large New York banks tried to engage his services, and the Chicago Federal Reserve Bank also sought him, but in 1919 the First National Bank of Chicago, one of the outstanding banks of the United States, persuaded him to become a director

and vice-president of their organization. In 1925 he was elected president of the bank. Among his predecessors were such men as James B. Forgan, Frank O. Wetmore, and Lyman J. Gage, Secretary of the Treasury under President McKinley.

Civic and educational bodies have enjoyed the counsel and leadership of Melvin Traylor. He has been president of the Board of Trustees, and is now one of the trustees of Northwestern University, president of the American Bankers Association in 1927 and the Illinois Bankers Association in 1924; president of the Shedd Aquarium Society, Chicago, and of the United States Golf Association, 1928. He is a trustee of Berea College in Kentucky and of the Newberry Library, Chicago. He is a director in twelve corporations, including the First-Trust Joint Stock Land Bank of Chicago.

He was chairman of the Committee on Drought Relief for Illinois, and of the national committee to plan aid for drought-ridden farms in all sections. In the last Chicago city campaign, when many preferred to play safe, he came out boldly in support of A. J. Cermak and helped elect him mayor. He is active in the work of re-financing the City of Chicago.

Until he was fifty-one years old, Melvin Traylor had never been away from his work for more than three weeks. In 1929 he went to Europe, though not on a pleasure trip. With Jackson Reynolds, an outstanding banker of New York, he was chosen to represent the United States at Basle in organizing the Bank for International Settlements. Its services, he said in a public address, "must tend to forward international understanding and sympathy, without which international peace and good will is a dream impossible of realization." Many years of experience have made him familiar with world-wide banking and economic problems.

### An Enthusiastic Golfer

How such a busy man can find time to play would be a puzzle but for one thing—he knows that regular exercise and relaxation in the open air are as necessary as food and sleep; so he makes time for them. Two or three afternoons a week he goes out to the Glenview or to the Old Elm golf course and plays a round. He does not fight his game, as some earnest golfers do, but takes good luck and bad breaks calmly. If he plays a shot carelessly, he curses himself out thoroughly—then forgets the bad stroke and studies the next. Once in a while he plays a round with Bobby Jones which in itself marks him as a good golfer and a good companion; for the King of Golf has no time for duffers or short sports. Brother Traylor, with the same care and exatitade as in his bank work, plays well under ninety, and in vacation time gets his score close to eighty, which is good golf for any man and rare golf for a bank president.

The First National Bank is one of the busiest places in Chicago, but there is no trace of pomp or majesty in it. Its atmosphere truly reflects the personality of its active head who believes that the way to make a bank successful is for the bank to make its customers successful.

If you want to see the president, you walk in and see the president. His secretary may ask you to wait a minute, seldom longer than that. As you cross the threshold a tall, lean, youngish man who stands straight as a soldier comes forward with a smile and a solid, warm grip of the hand. That is Melvin Traylor. His eyes and hair are brown, his mouth broad and firm-lipped, his tanned cheeks clean-shaven; he seems to have no end of time as he leans back in his chair. You may see a fishing rod or a new golf club in the corner, but he has no mind for them in business hours.

The bank doors are closed at three o'clock; then he settles down to his routine work that may sometimes last well into the night.

Always an indefatigable worker, Brother Traylor is also a "home" man. The Traylor's live very simply and comfortably but without ostentatious display. Their hospitality is as genuine and wholesome as two very interesting people can make it. That they have succeeded is evidenced by the

*(Continued to page 224)*

## The Banking and Monetary Regime of Argentina

(Continued from page 221)

mitigate the extent and severity of depressions, and to ease the situation. Of late the Bank has done its utmost to relieve the farmers. Credits have been extended to them on easier terms than to other lines of economic activity.

### Characteristics

The characteristics of the *Banco de la Nacion* may be summarized as follows:

1. Government-owned and controlled.
2. Not a bank of issue.
3. Although not a central bank, it rediscounts eligible documents for the individual banks.
4. Although not a central bank, it does what it can to control credit, the volume of currency and peso exchange.
5. Is the fiscal agent of the national government and carries all judicial deposits.
6. Acts in the capacity of financial agent of the Argentine Federal Treasury.
7. Ministers—within certain bounds—to the financial needs of the national government.
8. Carries the deposits of the bankers' clearing houses.
9. Pays no dividends and professes no eagerness for profit-making.
10. Contributes generously to the economic development of the republic.
11. Transacts a general business with the public in its capacity as a bank of deposits and discount.
12. Loans money to agriculturalists, cattle-raisers and industrialists.
13. All its operations and deposits are guaranteed by the national government.

The *Banco de la Nacion* has progressed steadily. Its activities have grown markedly. The amounts devoted to the protection and promotion of agriculture, cattle-raising, manufacturing, and trade have shown noticeable increases. Either giving the necessary support in moments of stress, or else stimulating by its credit facilities the development of the national wealth, its beneficent action has been felt even in the most distant parts of the republic. The bank has assumed a leading rôle in the financial life of the nation.

### Today and Tomorrow

(Continued from page 200)

the first rift occurred and it ran in cross sections over the entire world. Our country and France gradually absorbed nearly seventy per cent of the world's monetary stock of gold and the remaining nations on the gold standard struggled along for months on the remainder. The effects of this condition were a lowering of prices and of raw materials and farm produce especially. Production was affected by this lowering of the price structure and great unemployment resulted. A European crisis was becoming apparent in the summer of 1931 and it would have been a cataclysm in its economic effects had not our President suggested a year's moratorium on reparations and inter-allied debts. Following this relief, but which could not lift the entire strain, England left the gold standard on September 21 and other nations followed in her wake.

The rift widened and the depression deepened until we had passed into a crisis in our banking and gold situations and during which intense period, banks were failing on an average of more than three hundred a month and devoiding some communities of banking facilities.

The relief through the Reconstruction Finance Corporation, the Anti-Hoarding Campaign and the Glass-Steagall Banking Bill supported the situation, and as I had forecast some time ago, the crisis was passed through successfully and the bottom of the depression hit in the first quarter of 1932.

We are now recuperating and it is a slow process because the business patient was severely prostrated. It is a test of

patience to watch day by day and see no perceptible movement forward in our business craft but underneath the surface foundations are taking on strength, the credit structure is in a firmer condition and the price structure should soon be coming within its influences. It is a time of all times when the feet of our people should be kept out of the air and firmly fixed on the ground. The legislative inefficiency so vividly demonstrated in the insurgence against balancing our national budget is a retarding factor. Poor thinking and poor acting will hold our progress back but not indefinitely. The appeal should be felt by everyone in or out of business, as a fact in every walk of life, to take on a hopeful attitude, reprove unsound thinking and work with all their might and strength for the ultimate recovery.

## Delta Sigma Pi Scholarship Key Winners for 1931

(Continued from page 202)

P—California	10	2	20
Σ—Utah	10	1	10
T—McGill	1	0	0
Υ—Illinois	9	2	22
Φ—So. California	9	3	33
X—Johns Hopkins	9	5	55
Ψ—Wisconsin	9	1	11
Ω—Temple	9	1	11
AB—Missouri	10	5	50
AT—Penn State	6	4	66
AD—Nebraska	7	3	42
AE—Minnesota	7	0	0
AZ—Tennessee	7	4	65
AH—South Dakota	7	6	85
AΘ—Cincinnati	14	4	29
AI—Drake	7	6	85
AK—Buffalo	5	3	60
AA—North Carolina	6	1	17
AM—North Dakota	6	6	100
AN—Denver	6	5	83
AΞ—Virginia	5	1	20
AO—Ohio University	6	3	50
AΠ—Indiana	6	5	83
AP—Colorado	5	2	40
AΣ—Alabama	6	3	50
AT—Mercer	5	4	80
AT—Miami	6	6	100
AΦ—Mississippi	4	2	50
AX—Washington	4	2	50
AΨ—Chicago	4	1	25
AΩ—De Paul	3	1	33
BT—South Carolina	3	2	67
BA—N.C. State	4	4	100
BE—Oklahoma	2	2	100
BZ—Louisiana State	2	1	50
BH—Florida	2	0	0
BΘ—Creighton	1	1	100
BI—Baylor	1	1	100
BK—Texas	1	0	0
BA—Alabama Poly	1	1	100
	411	162	39

## Melvin A. Traylor—Homespun American

(Continued from page 223)

fact that an invitation to dine with the Traylor is inevitably a memorable experience. A son and daughter make it an evenly balanced family.

These constructive thoughts are utterly typical of the man. He has the rare faculty of penetrating to the heart of difficult problems without being merely an austere and aloof thinking machine. He is intensely human and vigorous. At the age of fifty-three many of his friends see him on the threshold of still greater accomplishments.

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