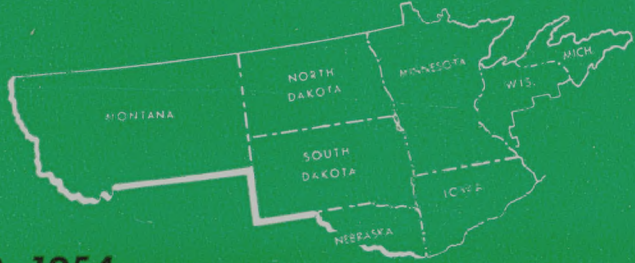


COMMERCIAL WEST



July 3, 1954

MINNESOTA BANKERS CONVENTION



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North Central

STATEMENT OF CONDITION

JUNE 30, 1954

RESOURCES

Cash and Due from Banks	\$108,826,504.91
United States Government Securities	105,985,986.68
Securities of Other Federal Agencies	7,595,089.90
State, Municipal and Other Securities	29,731,039.94
Loans and Discounts	156,601,917.97
Interest Earned but Not Collected	847,226.03
Customers' Acceptance Liability	1,046,019.00
Bank Premises and Furniture and Fixtures	376,046.71
Other Real Estate (For Future Development of Bank Premises)	345,300.00
Other Assets	400,797.26
<i>Total Resources</i>	<u>\$411,755,928.40</u>

LIABILITIES

Capital Stock	\$ 6,000,000.00	
Surplus	17,000,000.00	
Undivided Profits	<u>3,498,827.04</u>	\$ 26,498,827.04
General Reserve for Contingencies	2,409,674.39	
Reserve for Interest, Expenses, Taxes, etc.	5,354,122.32	
Acceptances and Letters of Credit	1,046,019.00	
Other Liabilities	1,728,617.29	
Demand Deposits	\$324,594,559.45	
Time Deposits	<u>50,124,108.91</u>	374,718,668.36
<i>Total Liabilities</i>	<u>\$411,755,928.40</u>	

United States Government obligations and other securities carried at \$59,543,116.45 in the foregoing statement are deposited to secure public funds, United States Government deposits and trust deposits totaling \$48,169,009.02, and for other purposes required by law.

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CONLEY BROOKS,
Vice President, Brooks-Scanlon, Inc.

DANIEL F. BULL,
President, The Cream of Wheat Corp.

JOHN COWLES, *President,
Minneapolis Star and Tribune Co.*

BRUCE E. DAYTON,
*Executive Vice President and Treasurer,
The Dayton Company*

PAUL V. EAMES, *Chairman of the Board,
McCloud Lumber Co.*

HARRY J. HAEWICK, *Rochester, Minnesota*

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the Board, Chas. W. Sexton Co.*

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F. H. Peavey & Co.*

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Minneapolis-Honeywell Regulator Co.*

CLIVE T. JAFFRAY, *Director,
First Bank Stock Corporation*

ELLWOOD O. JENKINS, *President,
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GUY W. LALONE, *Senior Vice President*

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G. ALLAN McNAMARA,
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Osborne-McMillan Elevator Co.*

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COMMERCIAL WEST



Incorporating NINTH DISTRICT BANKER • MINNESOTA BANKER • MONTANA BANKER

Published by THE COMMERCIAL WEST COMPANY
603 Second Ave. S., Minneapolis, Minn.
Telephone: AT lantic 5591

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Volume 108 No. 1

July 3, 1954

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Subscription price payable in advance: One year, \$6.00 in United States and Mexico; \$7.00 in Canada; \$8.00 in Europe. Single Copies, 25 cents.

Advertising rates on request or furnished by any responsible agency.

Commercial West does not assume responsibility for the writings or statements of others not directly connected with this publication.

Entered as second-class matter at the post office at Minneapolis, Minnesota, April 4, 1901, under the Act of March 3, 1879.

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Proceedings of the 64th Annual Convention Minnesota Bankers Association

Held in St. Paul - June 14-15, 1954

THE opening day of the convention, Monday, June 14, was devoted to the annual golf tournament, held this year at the Twin City Golf Course, plus a men's stag dinner and women's "Dixieland" dinner that evening.

Weatherwise, the morning was wet as a cloud-burst descended upon the Twin Cities. But by about noon golfers had little difficulty negotiating the course. Winner of Commercial West's Bankers Trophy was "Slamming Sam" Misensik of Midland National Bank, Minneapolis—the fourth time he has done so.

Three new features highlighted the Minnesota convention this year and judging from their excellent reception it is quite possible they will become annual events.

First was a Hobby Show, displaying the after-hours collections and handicraft of bankers and their wives. The 47 attractive displays were set up in the Casino Room of the hotel for both days of the convention. See page 68 for winners.

Second was the Agricultural Breakfast Tuesday morning. The complete proceedings on this well-attended program start on page 21.

Third was the "Learnin' for the Ladies" session held at Hotel Lowry following the Ag breakfast. Cottonwood's Guy Bacon was master of ceremonies. Speakers for the occasion were Miss May M. Roach, associate director of rural education Wisconsin State College, speaking on "So Much Depends on You;" and Dr. Carl S. Winters, pastor First Baptist Church, Oak Park, Ill., whose topic was "The Banker's Wife."

New president of the MBA Pioneer and Past Presidents Club is O. G. Jones, chairman Goodhue County National Bank, Red Wing. He was elected at the club's annual luncheon meeting June 15. Thos. A. Boright, publisher Commercial West, was re-elected secretary.

A spot news report of the convention, along with exclusive pictures taken at the get-together, was featured in Commercial West issue of June 19.

MONDAY EVENING, JUNE 14

THE official meeting of the Sixty-Fourth Annual Convention of the Minnesota Bankers Association opened on June 14, 1954 at the St. Paul Hotel, St. Paul, Minnesota, at 6:30 P. M. with a Men's Smoker in the Continental Room. At the conclusion of the dinner, the following proceedings were held:

PRESIDENT BOSS: First I want to introduce to you the folks at the head table. You will hear from some of them later but I would like you to know now who they are.

On my immediate left is Mr. Homer J. Livingston, President, First National Bank of Chicago, and Vice President, American Bankers Association. (Applause). Bill King, Executive Vice President, First National Bank of Grand Rapids, and your Vice President; Guy Bacon, Chairman of our Resolutions Committee; Art Arntzen, your Treasurer; and your Executive Secretary, Floyd Larson.

On my right Henry Kingman, State Chairman, United States Savings Bond Committee; Bill Neal of Winston-Salmen, N. C., Chairman of the American Bankers Association United States Savings Bonds Committee; Pete Kenefick, President, National Citizens Bank of Mankato, Chairman of our Savings Bonds Committee; Darrell Bandy, State Director of the United States Savings Bonds Committee, Mr. Ahlberg, Chairman of the Golf Committee of the Minnesota Bankers Association.

Now, we have a few preliminaries to go through before we get into our meeting. Our by-laws require we read at this time the report of the Nominating Committee, and we also have some amendments to our constitution and by-laws which should be read now. They will be read at this time and tomorrow afternoon will be voted on. I will ask Mr. Floyd Larson, our Secretary, to read the report of the Nominating Committee and to read the amendments to our constitution and by-laws.

MR. LARSON: President Wally, Mr. Livingston and Mr. Neal, Ladies and Gentlemen: Before I go through the formality of reading something you already know, I think we should pause to pay tribute for just a moment to one swell fellow. I am sure you all know who I mean. He is a man who has done a tremendous job this year. If you read this report you will know your Association has been unusually active. He is a little red faced, not because he is embarrassed but because he has been playing golf all afternoon. I think that is a wonderful attitude when a fellow can reach the end of his career as President and come to the meeting as relaxed as he, and I know I bespeak what everybody feels tonight—you have done an outstanding job as President of the Minnesota Bankers Association, so, fellows, let's give Wally a big hand right now. (Applause).

Disclaimer

No opinion expressed, principles advocated, theories advanced or policies suggested by any party or person, however presented, shall be deemed to have had the endorsement of this Association unless the question of such endorsement shall have been referred to the Council of Administration; shall have been reported upon by it, and shall have been specifically voted upon, receiving a majority of the votes of the delegates present and entitled to vote at any general meeting of the Association.

This article of the By-Laws shall be published in every report of the proceedings of the convention.

Art. X, Sec. 1, By-Laws of the Minnesota Bankers Association.

The Nominating Committee of the Minnesota Bankers Association met at the Radisson Hotel in Minneapolis on May 7, 1954 and made the following nominations:

For President: William G. King, Executive Vice President, First National Bank, Grand Rapids;

For Vice President: D. E. Crouley, Vice President, Northwestern National Bank, Minneapolis;

For Treasurer: A. E. Arntzen, President, Farmers and Merchants State Bank of Appleton;

Nominations

The Nominating Committee of the Minnesota Bankers Association met at the Radisson Hotel in Minneapolis on May 7, 1954 and made the following nominations:

For President: William G. King, Executive Vice President, First National Bank, Grand Rapids;

For Vice President: D. E. Crouley, Vice President, Northwestern National Bank, Minneapolis;

For Treasurer: A. E. Arntzen, President, Farmers and Merchants State Bank of Appleton;

For Councilman for the Fourth District: R. M. Gesell, President, Cherokee State Bank of St. Paul;

For Councilman of the Sixth District: C. J. Elsenpeter, President, First National Bank of Walker;

For Councilman from the Tenth District: E. L. Melin, President, Oakley National Bank, Buffalo.

Amendments

You have all received notice in regard to the changes in the articles and by-laws. Because of the requirements of our constitution and by-laws, I must read them to you but will do so as quickly as I can.

Following are the proposed amendments approved and recommended by the Council of Administration at a duly constituted meeting held on February 3, 1954. The words in bold face are new material.

Resolved that Article I of the Constitution be amended as follows:

ARTICLE I.

Name and Purpose

The name of this Association shall be the Minnesota Bankers Association.

The purpose of the Association shall be to promote the general welfare and the best interests of banks and bankers in this State and to cultivate in all laudable and lawful ways the spirit of cooperation, harmony, and usefulness within the banking fraternity. The Association is not organized for profit and no part of the Association net income shall inure to the benefit of any member or individual.

Resolved that Article II of the Constitution be amended as follows:

ARTICLE II.

Membership

Section 1. Membership in this Association shall be divided into three classes: Active, Associate and Honorary.

(a) Any national bank, state bank, savings bank or trust company incorporated under the laws of the United States or the State of Minnesota located and doing a banking or trust business within the State of Minnesota and any **Association Staff Officer** may become an active member upon payment of such annual dues as shall be provided for in the By-Laws.

Resolved that Article I, Section 2, of the By-Laws be amended as follows:

ARTICLE I.

Section 2. The annual dues of the active members of this Association, **other than Association Staff Officers**, shall be based upon total resources as revealed by published statements in response to the Call nearest June 30 of the current year upon the following schedule: and that a new paragraph immediately following the Schedule of Dues be added to read as follows:

There shall be no dues for Association Staff Officers.

* * *

MR. BOSS: Thank you, Floyd. This is in conformance with our

constitution and by-laws, and you will have an opportunity to vote on them tomorrow.

Now again in conformance with our constitution and by-laws we would like to have Guy Bacon, Chairman of the Resolutions Committee, read to you at this time the resolutions to be presented to you tomorrow afternoon for your consideration. Guy Bacon.

Resolutions

MR. BACON: These resolutions are usually a little tiresome but are intended to convey the policy of our Association, and our Resolutions Committee feel they are quite important at this time. The Committee met last evening and prepared them, and they were presented to the Executive Council for correction, change and addition. These are the resolutions as they were prepared by the Committee and ratified by our Council:

THANKS AND APPRECIATION

WHEREAS, the Minnesota Bankers Association is now assembled in the City of St. Paul for its 64th Annual Convention, may the following resolutions be adopted as reflecting the sentiments, thoughts and policy of its 663 member banks.

BE IT RESOLVED, that we, as members of the Minnesota Bankers Association, express our most sincere appreciation to the City of St. Paul, its banks, hotels, newspapers, radio, businessmen and citizens for the cordial hospitality accorded us during our Convention. That we further convey our thanks to the committees, individuals, speakers, and services assembled to make this convention a success.

BE IT RESOLVED, that the Minnesota Bankers Association express its lasting appreciation to Wally L. Boss who has served the bankers of Minnesota so efficiently, competently and well as President of their Association during the past year.

BE IT FURTHER RESOLVED, that the Convention express its gratitude to the Officers, Council and Staff of the Minnesota Bankers Association, to the Committee Members, Association Counsel, Commercial West and all who have served throughout the year, for their diligent conscientious and unselfish efforts.

BE IT RESOLVED, that the Minnesota Bankers Association pay sincere tribute to Dr. Harold Stonier, who is presently retiring as Executive Vice President of the American Bankers Association, for his outstanding contributions to the good of banking in the United States, and that our Executive Secretary be instructed to convey these sentiments to Dr. Stonier.

DAIRY MONTH

BE IT RESOLVED, that whereas June is National Dairy Month we wholeheartedly endorse all constructive efforts to encourage the wider consumption of milk, cheese, butter and dairy products.

U. S. SAVINGS BONDS

BE IT RESOLVED, that the Members of the Minnesota Bankers Association have continued their efforts to encourage individuals to buy and hold United States Savings Bonds. The Association renews its pledge of support to this program in the public interest.

LEGISLATION

RESOLVED, that the Minnesota Bankers Association go on record favoring the passage of the following legislation by the Congress of the United States:

¶ A bill prohibiting the establishment of branches by Savings and Loan Associations in states where branch banking is prohibited;

¶ A bill providing for taxation of the earnings of Savings and Loan Associations, credit unions and mutual savings banks in excess of dividends or interest paid up to a maximum of 2½ per cent per annum.

¶ The defeat of the "rider" attached to the Housing Bill (H. F. 7839) providing for changing the name of the Federal Savings and Loan Insurance Corporation to Federal Savings Insurance Corporation;

¶ The defeat of S. 8290 expanding credit unions across the nation under a regional system;

¶ The liquidation of the Postal Savings Systems rapidly as possible in an orderly manner;

¶ The elimination from the Housing Bill (H. R. 7839) of the approval of the use of "open end" mortgages;

CUMULATIVE VOTING

WHEREAS, in all elections of directors in national banks, each shareholder shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected, or to accumulate such shares and give one candidate as many votes as the number of directors multiplied by the number of his shares shall equal, or to distribute them on the same principle among as many candidates as he shall think fit; and

WHEREAS, recent studies of the usefulness of such cumulative voting by the stockholders for bank directors has shown that the national banking system would be better off without it, and

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WHEREAS, persons indifferent to their voting rights might place control into the hands of an unscrupulous minority,

NOW, THEREFORE, BE IT RESOLVED, by the Minnesota Bankers Association at its regular Convention, that said Association favors passage of S. 3158, a bill to eliminate cumulative voting of shares of stock in the election of directors of national banking associations.

MINNESOTA LEGISLATION

RESOLVED, that the Minnesota Bankers Association go on record favoring the passage of the following legislation by the Minnesota State Legislature:

1. A Motor Vehicle Title Lien Act.
2. A Stop Payment Act.
3. The repeal of the Escheat Act.
4. An Anti-branch Savings and Loan Act.
5. An Act increasing from \$1500 to \$2500 the limit on which loans can be made by banks, at up to 6 per cent discount.
6. An Act permitting the investment by state banks of more than the presently distributed 40 per cent of their capital and surplus in bank buildings, at the discretion of the Commissioner of Banks, but not to exceed 60 per cent of their capital and surplus.
7. An Act requiring the licensing of real estate operators.

DOUBLE LIABILITY

WHEREAS, the Legislature of the State of Minnesota has placed

before the voters of Minnesota a constitutional amendment providing for the repeal of double liability on the shares of stock in state banks, and

WHEREAS, their removal of this double liability is desirable and proper, and

WHEREAS, the voters of 46 states have already taken this action,

NOW THEREFORE, BE IT RESOLVED, that we pledge the full faith and effort of our Association toward the passage of Amendment No. 2 at the November general election, and further that we, as individual members, put forth all possible effort to explain the amendment to the voters and urge their affirmative vote.

FAITH IN AMERICA

FINALLY, BE IT RESOLVED, that we again affirm our faith in America and the democratic principles of free enterprise upon which it is founded.

And, gentlemen, if I may digress a moment from these written resolutions, you may be interested to know the fund which is being raised to promote the passage of Amendment No. 2 now amounts to nearly \$21,000. 355 state banks, amounting to 70 per cent, have already contributed; 74 national banks, amounting to 45 per cent of the national banks in Minnesota, have contributed, and two of our four trust companies. I think this is an outstanding showing particularly on the part of the national

banks as they are not at all involved in this argument. Still they have shown their good faith, and I think it is a challenge to us state banks to get our contributions in.

I might state the state of Illinois spent \$140,000 to promote the passage of the amendment. The only two states in the United States which still have double liability are Minnesota and Arizona. So let's put this over and help Mr. Sattre who will present this thing again tomorrow.

* * *

MR. BOSS: Thank you very much, Guy. The Resolutions Committee has really been putting in a lot of time and have done an excellent job. Tomorrow afternoon you will have the opportunity of voting on the resolutions. If you have any further ideas, present them to Guy Bacon between now and tomorrow afternoon.

Golf Awards

Now, we have had a golf tournament this morning and afternoon. We didn't get underway until rather late on account of the rain, but still had 107 golfers participating in our golf tournament during the day. I am told there is a little trouble at the golf course. It seems there was very little bull being spread around because there was a discontented cow who jumped the fence, going from hole to hole, but nobody has caught up with her yet.

Mr. Ahlberg, Chairman of the Golf Committee, has all of his henchmen ready with the prizes—Lee Sauer, Ed Ehlers, Art Warn and Art Stanford, who have the same complexions I have, I notice, and, men, will you take over and present the golf prizes, please.

MR. AHLBERG: Mr. President, Distinguished Guests and Golfers: Despite the rain and threatening weather, we had a goodly number out on the course, and like all tournaments we had some good golf and some not so good. We have some prizes in three groups and will try to get them out in a hurry. If the members of the committee will call them out and if the winners are in the room will you come up promptly.

As in all tournaments we have a new champion and he is a good one. I would like to have Sam Misenik stand up. He shot a 77. He has won this championship before but he is new this year again. We had two others close on his heels. They tied for second and third place with 78s—R. Rasmussen of Minneapolis and W. Randahl of Robbinsdale. Are they in the room? (Applause). It gives me a great deal of pleasure to present to you the Commercial West's Bankers Trophy for 1954.

We had some low nets—Ken Gay from Sturgeon Lake, second low net—Len Froiem from Braham, third low net—James Shedeem from North Branch.

I don't know if I should mention this or not but the High Gross



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President

K. E. McILHARGEY
Vice President

F. J. GRAHN
Cashier

R. L. NIKODYM
Ass't Cashier

WALTER JOHNSON
Mgr. Insurance Dept.

KANABEC STATE BANK

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is E. Burkels from St. Paul; second high gross R. P. Shelton of Hinckley.

We gave some blind bogey winners—Parker Anderson of St. Paul, Martin Kalton of Wells, O. A. Olson, Jr. of Braham, Howard Johnson of North Branch, Ray Meyer of Faribault, Dick Anderson of Grand Marais, Bill Resseguie, Chicago, R. A. Nelson of Hinckley, Stan Mason of St. Paul, H. O. Chapman of Topeka, Kansas, Kurt Loney of Minneapolis, C. J. Gislason of Lyle, R. Schmidt, Appleton, Lester Lloyd of Minneapolis.

For the lowest number of strokes on any one hole—H. E. Arndt, Elgin, Ken Martin of Minneapolis, A. L. Wickholm of Fairfax. That concludes the awarding of the awarding of the prizes, gentlemen. Thank you.

MR. BOSS: Thank you, Mim Ahlberg, and the Golf Committee. Congratulations to all of the winners.

Commerical West would like to have the pictures of you gentlemen. They have donated a trophy and it is a fine one.

* * *

We will now proceed with the more formal part of our meeting.

We are privileged tonight to hear an address from William H. Neal, Senior Vice President of the Wachovia Bank and Trust Company of Winston-Salem, North Carolina. Mr. Neal is a former President of the North Carolina Bankers Association and a former President of the National Advertisers Association, and for more than 25 years has been active in the work of the American Bankers Association. He is presently acting as Chairman of the American Bankers Association Savings Bond Committee and American Bankers Association Governing Board Committee.

For five years he was Chairman of the Public Relations Committee, and since 1937 has served continuously as a member of the faculty of the Graduate School of Banking at Rutgers University of Banking. We are fortunate to have him this evening, and I am happy to present him to you at this time. He will talk to you on "The Struggle for Sound Money." Bill Neal.

RIGHT--

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The Struggle for Sound Money

By William H. Neal

Mr. President, Mr. Livingston, Distinguished Guests and Gentlemen of the Minnesota Bankers Association:

I assure you it is a very distinct pleasure and privilege for me to be here tonight on this occasion of the Men's Smoker. Coming to you from the South I could speak in that vernacular and say "I sho am glad to be here." Anyway it is really delightful to be here, and I have enjoyed yesterday and today's activities, and the work you are doing.

I remember attending a smoker at which there were present some very distinguished guests and several were sitting around the table after the dinner talking about the things from which they derived the most pleasure, and things which gave them satisfaction. An American said he though the greatest pleasure and satisfaction comes from the consumption of bourbon and the playing of golf and they talked a little about the good effects of bourbon and golf and considered it at some length. And then they turned to an Englishman and asked the Englishman what he though was the source of the greatest pleasure and satisfaction and he said he thought Scotch and cricket were sources of a great deal of enjoyment. About that time one of the colored waiter boys had been moving around the table and listening. Finally the waiter said, "Excuse me, folks, I don't mean to interrupt the conversation, but I wonder if you white folks have ever tried women and watermelon?"

There are many things which we enjoy these days and it is good to get together and discuss them.

At the Kansas bankers' meeting one of the speakers was talking about the difficulties of seeing ahead and how essential it was that we keep our feet on the ground and our sense of direction, and one evening when I had been working late the temperature changed and a dense fog came up. The fog got thicker and I finally had to pull over to the side of the curb. I couldn't see the gadget on the radiator but about that time a fellow passed me at a fair rate of speed.

I said to myself, the smart thing for me to do is to stick onto that guy and he went down toward my house and toward my section. All I could see was a dim red light. We moved along at a satisfactory rate of speed but about that time he stopped and I hit him. I knew I perhaps had damaged a fender and bumper and maybe should get out and see what could be done about it. I though perhaps a good offense is a good defense. I said, "Don't you ever hold out your hand when you are going to make a turn?" He said "Not when I am

driving into my own garage, I don't."

I think it is very essential we try to see where we are going and keep our sense of direction.

I want to talk about a subject tonight not related to investments or to operations of our banks or business development. These are topics you usually hear at bankers conventions and they all contribute very much and very materially to the sound operation of our banks and to the maintenance and ability of our banks to deliver depositors' money on demand.

Now that is the first essential function of banking, but I do not want to discuss with you that area tonight but more in the area not essentially of protecting dollars as dollars but of protecting the purchasing power of those dollars entrusted to our care. Not only is it important to pay the dollars back on demand but also to give some protection to the purchasing power of the dollars and to the value of the dollar as and when given to our keeping.

Today money is very much in the news. All the commentators on the radio are talking about money. Some is enlightening, some rather complicated and confusing and some apparently distorted, to serve individual purposes and, I suspect, practically all of it is over the heads of most of the people. Let me say I am not posing as an expert on monetary questions. I am just a layman trying to understand and see our responsibilities. I have never been able to qualify as an expert but do get around quite a bit.

A good friend of mine gave me a good definition of an expert. "ex" is an unknown quantity and "pert" is drip under pressure. Perhaps I can qualify under that. A discussion of uses and abuses of money is rather confusing and, speaking of confusing, a colored gentleman in my home town was rather confused. He got a threatening letter and took it to the chief of police, and said "I am all confused. I got a threatening letter. I want you to look at it and give me some advice." The Chief said, "Let's see the letter." He read it and it said "If you don't quit running around with my wife, I am going to shoot you." The Chief said, "I don't see much of anything that is confusing about that." The colored man said, "Oh yes, it is." The Chief said "What is confusing you?" He said "The man didn't sign his name."

There are perhaps a good many things that are confusing to us and we sometimes do not see our way out. We hear about easy money and hard money and tight money and sound money, and it is the area of the sound dollar, the dollar that maintains a stability in purchasing power I want to talk

about tonight. I don't know how to give you a learned definition of sound money. Perhaps we don't agree.

I had a lesson in money on a trip with some other bankers that taught me to better understand about the value of money. There were 15 of us State Chairmen on the Savings Bond Committee elected to go to Europe at our own expense and make some study of the economic buildup there and the defense in Western Europe. Jack Cornelius, then State Chairman, was a member of the party. We had a number of experiences, but I will give you one.

When we flew from Paris on a military plane we got rid of all of our French money. We would not spend it anywhere else. You have had that same experience. When you leave one country you get rid of your local currency. You can't spend it in another country. When we left Rome we got rid of our Italian lira. Even the German marks and British pounds were gotten rid of because we couldn't spend them anywhere else.

But there was one thing we came quickly to understand as we moved about Western Europe and that is no matter where you are or what the circumstances, if you had some good old United States money, some good old dollars, you could always do business. Gentlemen, there is the most sought-after currency in the world today, there is a currency that represents the exchange values in the market places of the world today. Wherever you go, wherever you are, American dollars are sought after as perhaps few other currencies are.

We have kicked the old American dollar around a great deal in the last ten or fifteen years and today it only has 52 cents of purchasing power as compared to 1940. Down, down, the American dollar has been going and if history teaches us any lesson it is that no nation can long be a world leader or contribute to world stability on a constantly depreciating dollar of its spending money. We must maintain the integrity and stability of the American dollar not only at home but in the market places of the world because today it is the international exchange medium.

We have another lesson in what has happened to other people. One hundred French francs would be worth five, one to five, and if you want to go in the back places of the hotels you can get them from the bell boys for less. That is what has happened to the spending money of a great people, the result of unbalanced budgets, the aftermath of war, of inflation and unsound fiscal policies, attempts of government with an unbalanced budget trying to take care of social security and benefits and an unwillingness on the part of government to face the financial facts of life, and that is what has happened to the spending money of France.

And when people lose confidence in their spending money they lose

confidence in their government, and any capacity or ability they have to provide future stability for themselves.

The same thing has happened to the spending money of Italy—100 lira are worth \$20, but when we were in Rome and today they don't quote you \$20. We used them only for tips worth only 16 cents. Gentlemen, we must not let those things happen to our money. I could take German marks or Chinese currency and carry it to an extreme but I am confining my talk to friends and allies, and we must not let it happen to our American dollars if we expect to maintain economic stability at home and carry out our world commitments around the globe.

You may say, do we bankers have a responsibility in that respect? It is true the law requires us only to pay out to our depositors dollar for dollar, that is, accepted currency, and if the depreciated dollar goes down, down, we just pay out the accepted dollar, and even if it is cigarette coupons we have discharged our legal responsibility but I believe we have a moral responsibility to maintain the stability and soundness of the American people who have entrusted over \$200 billion of their funds, and I think when they put it in there and take it out tomorrow, next week, next year or in five years from now, they have some right to expect we have used our best efforts to see it has a close relationship in purchasing power as when they entrusted it to our care. I think we have that responsibility.

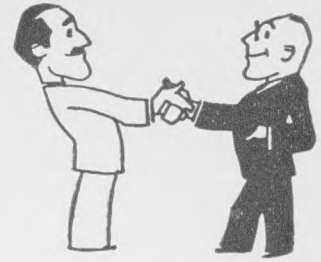
We have a program on the part of our government today from Washington which seeks to establish the soundness of the American dollar. For many years we have been working under an ideology and policy that the way out of financial difficulty was to spend and borrow your way out. Whatever the difficulty, you could borrow and spend and cure all economic ills. Artificial stimulation of business of all kinds. And then when the inevitable inflation came—also to put in price controls, building up huge governmental bureaucracies to carry it out. We have seen some of the fruits of that over the years and what it has done to the American dollar.

Now we have a program on the part of men in the Treasury who are trying to establish the principle of sound money through what we in the banking business regard as the orthodox way, through the regulation of the supply, in relation to the supply and demand of money, and that upon three major premises and pillars:

1. Proper budget policy, bringing the budget back into balance, elimination of waste and extravagance.

2. Cutting down of government bureaucracies and elimination of waste and bringing into the administration of the various businesses in the world business procedures, following the proper budget policies, proper functioning of the Federal Reserve System. You know

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how the Federal Reserve today is operating from its policy and necessity of paying government bonds. It is performing its functions in the regulation and supply of money through adjustment of discount and interest rates. And,

3. In the pillar is the proper debt management. Now I don't think it is necessary to emphasize to any group of bankers the importance of management of our huge debt, not only for today but for those who come after us. How well and wisely we manage this tremendous task is going to have a great influence on the welfare of our children and grandchildren in the generations ahead. Today we have a tremendous government debt, some \$273 billions, and it will have to be raised and will be higher. Some \$60 billions will mature this year. Last year the Treasury went to the market nine times. It is pouring in on the Treasury like Niagara Falls and they have tremendous problems requiring the greatest financial skill and stewardship in the management of that huge government debt.

So those are the pillars of the sound money program: Proper budget policy, proper function of the Federal Reserve system and proper debt management.

The logical question is "What can we do if it is our responsibility? What can we as individual bankers and our Association do to help?" Let me suggest three things very briefly

1. I think it is essential that we understand ourselves as bankers. We have a responsibility to understand the facts and procedures. We may not agree with all of the details but I think we can agree it is our responsibility and sound and essential policy to establish soundness and stability in our monetary system. Therefore, our first obligation is to understand the things necessary to bring about sound money.

2. Help others to understand, and after all, who has a greater responsibility than the bankers of your community and mine—14,800 banks in this country representing thousands and thousands of local communities, as well as our great cities.

Who has a greater responsibility back home than the bankers to create an understanding of the maintenance of sound money? I think that is our responsibility and as we are called upon and have an opportunity to talk to the people coming to our desks and work in our bankers groups and as leaders in our communities and civic organizations, women's groups, schools and colleges, we should tell them what is necessary for the maintenance of sound money and what it means.

Another thing we can do is to renew and enlarge our support of the savings bond program. The savings bond program is a major instrument of sound money today. More than 40 million people own United States Savings Bonds, totalling \$58 billions and totalling \$37 billions of small E and H.

bonds. The E bonds sold in 1944 and 1945 are maturing this year making some \$10 billions, and almost 75 per cent of the people are holding onto these bonds. You can appreciate 25 per cent of \$10 billions is a great deal more than those that matured in the last two years.

So, you can see it is highly essential in the program to get it spread out at a time when it is more difficult to do that without disturbing the balance—it is highly essential to keep that \$58 billions in the hands of 40 million who own them. Therefore, realizing this, the American Bankers Association pledged to the Treasury Department renewed support to the Treasury Department of that program, and President Reese issued to us a request and a directive we garner our forces and go out again to challenge the bankers of the nation, and since that time we have been going into the byways, before conventions and committees and state chairmen, county chair-



WILLIAM H. NEAL

men and banking leaders, wherever we have an opportunity to go out, and challenge you to renewed support of the savings bond program.

At this point I would like to pay tribute to the cooperation of the bankers of Minnesota for the support they have given this program and to Henry Kingman, your new chairman, to Peter Kenefick, our American Bankers Association Chairman, and Jack Cornelius, former chairman, and others too numerous to mention for the job you have done in the sale of savings bonds in your state.

I know some of you may say the sale of savings bonds competes with our efforts to build up deposits, especially time deposits. Perhaps there are some areas of competition, yet any program which has behind it \$50,000,000 of advertising as this enjoys is teaching the idea of thrift to millions of people and that helps all forms of savings,

not only savings bonds both in your bank and mine, and when you can put 8 million people on the savings bond program through the payroll plan and inculcate the idea of thrift and saving it helps all forms of saving.

I could go a step further if it were not being melodramatic and say there are times and occasions when government and government operations must of necessity compete with our business affairs. I am against government competition in private enterprise but if we are going to manage this \$275 billions of debt and maintain soundness, there are times when the Treasury competes just as it competes with the very lives of 3½ millions of our boys on Old Baldy and in the barren lands of Korea. There are times and occasions when the government has to compete and this is one of them.

I know, too, some of the economists say it is not good when going through a period of adjustment that we save too much money. I am just old fashioned enough to think any time is a good time to save money. But some say it is not good for business to take out \$4 millions of savings and put it into savings bonds.

If that were a stagnant policy it might be true but it is not a stagnant policy. It is a live, living, vital reservoir of savings which people are drawing on to meet their needs and ambitions. And last year when we sold \$4 billions of bonds, others liquidated to the extent of \$4 billions and put them into the spending stream of economy.

I ask you, how good would business have been if they hadn't? This year we will sell some \$5 to 5½ billions but perhaps \$4½ billions will again be drawn from this reservoir and put into the stream and where would our millions be if they had not this great reservoir? I think any time is a good time for people to save.

We have a very fine support on the part of bankers throughout the nation but in many cases it is a very passive support instead of an active support. Bankers are cooperating wonderfully in the redemption and the people served promptly and well but do we in our banks—this is vital—are we carrying on an aggressive campaign?

For example, do you have men on your staff who are familiar with the terms of the H bonds all the way down the line? Do you have an active payroll deduction plan in your bank? Are you using your advertising space to plug the sale of the bonds? Are you cooperating with your county leaders, are you advising customers to hold and buy bonds, are you willing to go and make talks to civic groups and clubs in your communities, to tell them the ideals and principles of sound money and what savings bonds contribute to it? I could give you a long list but I think this is enough to show the difference between being passive and active.

Speaking about enough, it is like the story of the country school teacher who was trying to demon-

strate in arithmetic the limit to which one could go in division in dividing figures, such as ten divided by three. They kept adding 3s but never did finally get the exact answer.

John, a lanky school boy, had difficulty in understanding the principles of mathematics. The teacher said "John, I will illustrate. You have a date with your best girl and you arrive in her living room and your date is standing over in the far side of the room. You go half way to where she is and stop, and then again go half way to where she is and stop, and each time you go toward where she is you go half way and stop before reaching the remaining distance. I ask you, John, under that procedure would you ever get to where she is?"

John said, "Teacher, I don't know but I expect I would get close enough for all practical purposes." For all practical purposes. That is a layout for a job we can do.

Now, finally, I heard a story about the fellow who came into the bar in a certain town and several fellows standing around watched him. He ordered a drink, downed it quickly, and had another drink, did the same thing, until he had had five drinks when he fell flat on his face. One of the bystanders said, "That is what I like about Jim. He always knows when to stop."

The reason I am here is to bring this story of sound banking. I am not going to make a political speech. I happen to be from the South and you can guess my politics. We as bankers have demanded for many years elimination of waste and extravagance in the business methods and procedure of the greatest business today, the government of the United States.

We have men in the Treasury Department trying to do just what we have been trying to do. They are competent and able men motivated by a desire to be of service to their country. They are working day and night seven days around the clock. They are working against some very difficult problems, the problem of the huge debt, the short term debt, the problem of a huge sprawling government and thousands of bureaus and bureaucracies of all kinds, the problem of the budget, the problem that through the years a great element of our citizens has been taught to believe the government will solve all your problems and all you have to do is see or write your congressman.

Joe Dodge in the Budget Department has been working long hours to bring order out of what was not an orderly budget procedure, working against tremendous problems because every time he proposed a cut a howl went up not only in Washington but back home. George Humphrey and Randy Burgess are working ably, conscientiously, continuously, long hours, to bring about soundness in the American dollar.

I suppose they have made errors and probably will because they are

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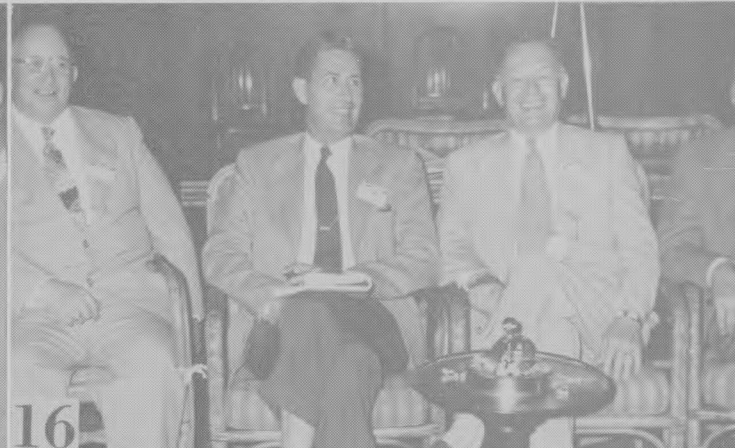
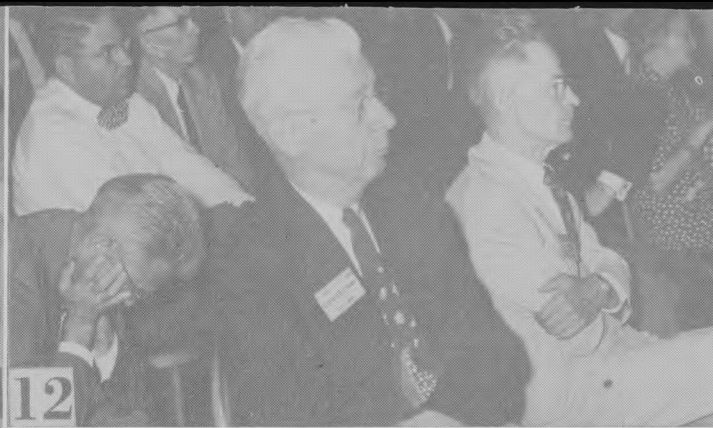
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1. Dr. J. O. Christianson, President King, Dr. Earl Butz. 2. At the golf club. 3. Tom Marshall, Royal Bank of Canada; Mrs. R. B. Rathbun; George Kernan, Continental, Chicago; Mrs. Marshall. 4. An iron "lesson." 5. Miss May M. Roach, and Florence Linden, MBA. 6. Bill Topka, New Prague, and Byron Olson, First of St. Paul. 7. Harry W. Wellner, N. W. State, St. Paul; R. A. Nelson, and R. S. Skelton, Hinckley. 8. Reg-

Marquette; Henry Byers, Bankers Service Co.; Herman Hamre, and Lloyd Schroeder, Wood Lake; Andy Sirek, New Prague; Art Arntzen, Appleton; Carl Pohlad, Marquette. 11. Mrs. J. S. Effertz, Belle Plaine; Richard Brooks, North Central Life Ins.; Mrs. R. J. Effertz. 12. Conventioneer, at left, looks weary. 13. Golf committeemen Lee Sauer, First of St. Paul; Merlin Ablberg, American, St. Paul, check Gerry Bryan (Anoka). 14. B. A. Talles of Kiester. 15. Bob Burns, Grand Mea-

dow; J. B. McRobert, Hardwick; Merlin Halstead, Grand Meadow. 16. George Reppe, Grand Meadow; Leo Malm, Curtis 1000; Bill Topka, New Prague; Don Schroeder, D. D. Schroeder & Co. BOTTOM—Guy Bacon, Cottonwood, Elizabeth Haggerty, American St. Paul, women's chairman; Sam Speranza, Produce Bank, St. Paul; A. G. P. McElwain, Mrs. and Mr. McFarlan, Canadian Bank of Commerce; Dr. O. B. Jesness, Parker Anderson, state forester; Floyd Larson, MBA.



human but they will be errors of procedure instead of errors of principle.

I am sure we are not entirely satisfied with the gains. I am satisfied with the small progress. Nevertheless, in spite of the fact the progress has been small and despite the fact it has been deterred here and there and there has been opposition of all kinds, there are two things to remember: 1. They have made progress. 2. They are going in the right direction.

You say, "Okay, let them do the job. Let's go along and run our banks."

It can't be done that way. Only as they have the understanding of the electorate, the rank and file of the citizens can they accomplish the purpose of sound money and soundness in the management of governmental affairs. They must have that understanding and support and can't do without it.

You see we are going through a readjustment period, call it what you may. Someone said conditions were not nearly as bad as the Democrats claimed nor nearly as good as the Republicans claimed, so you can take your choice.

You say the danger of inflation is over. Let me say the struggle for sound money has not been fought. The battle is being waged and there are tremendous and powerful forces who have a vested interest in inflation and the decreasing dollar to reopen the floodgates to pour out their projects of all kinds. The fight for sound money has not been won and you and I have a responsibility to go back to our respective communities and preach the doctrine of sound money and of the greatest business today—the American Government.

And finally, in all sincerity, this struggle for sound money can be won. It must be won, gentlemen. I say to you in all seriousness, unless it can be won under the leadership of this kind of men I have mentioned to you and under these conditions, unless we win it now, we may not. We may not have another chance.

Thank you very much.

* * *

PRESIDENT BOSS: Thank you very much, Bill Neal. That was a wonderful talk, and I am sure everyone here is going to work harder than ever before to assist in a greater degree in the sale of United States Savings Bonds. We have here our entire team in United States Savings Bonds. They are all volunteers. They are doing a good job and are counting on you to do a good job in carrying on this program. I know you are going to do it.

I would like to read to you a letter I received today from George Humphrey, Secretary of the Treasury in Washington:

"During the annual meeting of the Minnesota Bankers Association I would appreciate it very much if you would express to the members my sincere appreciation for their efforts in promoting the sale of United States savings bonds.

"The 1954 quota of Series E &

H bonds for Minnesota is \$93.8 million. Sales as of April 30 amount to \$33.3 million or 36 per cent of quota. This is a fine start, and I wish to thank every organization and person responsible for helping the Treasury Savings Bond Division in its effort to achieve their objective of "a billion more in '54" sales of Series E & H bonds.

"I also wish you would pass on to the Minnesota membership my personal thanks for the fine cooperation we are receiving in explaining what we are trying to do to achieve sound money and economic stability in our nation. Because of the many contacts with the public, your association members can be particularly helpful in explaining how sound money is of the utmost importance to all Americans. In this connection your

work in promoting the Savings Bond Program is of additional great value because of the importance of savings bonds in the broadening of the debt, the principles of saving and thrift—and thus sound money.

"Thanks again for what you have done and will continue to do in the best interest of all of us.

"My kindest regards and best wishes for an enjoyable annual meeting in St. Paul on June 14 and 15."

Your work is not going unnoticed.

And now, as further evidence of our interest in the savings bond program, I am going to call on Henry Kingman, State Chairman of the Savings Bond Division, who has a presentation to make at this time. Mr Kingman.

Presentation of Treasury Award

By Henry S. Kingman

Mr. President, Mr. Livingston, Member of the Minnesota Bankers Association and friends:

I appreciate very much this opportunity and privilege to appear very briefly before you this evening. First I want to thank all of you for the support you have given the Savings Bond program here in the State of Minnesota. We are off to a very good start with a greatly increased quota. You have already heard what Secretary Humphrey said in regard to what we have done for the first four months and although I have not seen the figures for five months I think we are keeping up. As a matter of fact, Minnesota was 12th in the country on a percentage basis of quota. Our neighbor Nebraska happens to be No. 1. But we have reason to be proud of being No. 12.

I am going to say very little further in addition about the savings bond program. Anything I would say would be an anti-climax to the inspiring talk Mr. Neal has given this evening but I know our organization of volunteers needs your support and have had it in the past and I am sure can count on it in the future.

The rest of my little talk is a very pleasant one, and that is giving the award of merit from the Secretary of the Treasury to an individual here in Minnesota for meritorious service in promoting the Savings Bond program. It is difficult to single out any one individual. There have been three previous awards of the same nature and this is the fourth that has been made. Others undoubtedly will follow.

The award is in the form of the President's Prayer at the Inaugural Address in January, 1953. It is known as an achievement award. You will recall this prayer is a declaration of faith in God and confidence in mankind. It is an appeal for united action to achieve human needs, for common decency and

freedom.

A few days before the inauguration ceremony representatives of the Treasury Department were seeking some fitting memento and occasion for rewarding volunteers for aiding in the United States Savings Bond program, and they hit upon the idea of using some of the wood in the planks of the inaugural platform where the President took the oath of office and a few days after the inauguration ceremony this rather snowballed, and instead of a few planks 6,800 feet of that pine was gathered together and shipped up into Vermont where it was put into these small strips for the frame for this President's Prayer.

It was sent out, I believe, to California and kiln-dried and back across the continent again, and that is how these little frames came about. They come from the inauguration platform where President Eisenhower took his oath of office.

This particular award is going to be made to our good friend Tom Boright of Commercial West who, as you know, for many, many years, both during the sale of war bonds and savings bonds, has put forth a persistent, loyal effort in the savings bond program and promotion of the sale of bonds through personal efforts and publication.

The citation to Tom Boright is on the back. There is a small picture of Chief Justice Vinson administering the oath of office to Dwight D. Eisenhower and underneath: "United States Treasury Award. Presented to Thomas A. Boright, Publisher of Commercial West, Minneapolis, Minnesota, for achievement in United States Savings Bond Program. Dedicated to the Economic Strength of the Nation and the Financial Independence of its Citizens. George Humphrey, Secretary of the Treasury." Congratulations, Tom.

MR. BORIGHT: Thank you, Henry!

PRESIDENT BOSS: Thank you, Henry Kingman, and congratulations, Tom Boright. Everyone knows how you and Commercial West have been working on the United States Savings Bond Program over a period of years, and we are all happy to have the United States Bond Division give you this fine award.

* * *

We have one more speaker this evening. He is Homer J. Livingston, Vice President of the American Bankers Association, and President of the First National Bank of Chicago, where he has been employed since 1922 when he received

a law degree from the Marshall Law School. He has been active in civic affairs and banking in Illinois and in the American Bankers Association for many years. He was elected Vice President of the American Bankers Association last September and in October of this year at the annual Convention in Chicago will become President of the American Bankers Association.

Mr. Livingston is a very busy man with a great number of responsibilities, and I am grateful indeed he is able to be with us. I will present to you at this time Mr. Homer Livingston, Vice President of the American Bankers Association.

Address of ABA Vice President

By Homer J. Livingston

THANK you very much, President Wally, for your generous marks. It is a great privilege and pleasure for me to be here tonight with my many friends in the Minnesota Bankers Association.

Minnesota is an important state in our Association, as you well know. Its level of membership is very high and the activities of this Association on the American Bankers Association committees are indeed important contributions to the work of the Association. It has been my custom as I go about the country and have the opportunity of appearing before state conventions to read the names of those who are members of the American Bankers Association committees who are members of the state associations, but I must make an exception in this case.

It is an astonishing thing that the list of the members of the Minnesota Bankers Association who are active on the committees of the American Bankers Association is just too long to read at this time of night. It is the longest list of any I have had the privilege to read before any state convention. I think that is a great tribute to the interest of the members of your association in the work of banking in our country.

I also would like to take this opportunity to say how grateful we in the Association are for the fine work that Bill Neal and his associates have been doing on the Savings Bond Committee. I think you and I know it is difficult in peace time to whip up enthusiasm and it is astonishing to me to see him keep this enthusiasm at such high level. I think after hearing him you will understand why he has been so successful in that effort.

I want to visit with you tonight on the subject of responsibility of leadership. I don't suppose there has ever been a title of a talk which has been so frequently used nor am I sure there is anything left unsaid on the subject.

I happen to be a member of the board of trustees of the University of Chicago and was attending a

class a couple of years ago as an observer. The professor asked the students a particularly difficult question.

He called on the first student at my right. The student said "I don't remember." He then called on a second student at the back of the room who said "I am not prepared" and then he called on the third student who said "I do not know." Finally he called upon the fourth student sitting way in the back. He said "Well, Professor, I don't believe I can add anything to what has already been said."

So, tonight I feel that way about visiting with you on the responsibility of leadership.

Alluding again to the University of Chicago, I speak there frequently because I did not have the opportunity of going to college myself and because I am on the board of one.

Out there at the University there was a young student about to graduate. He had to write a thesis which is apparently required of people in order to graduate. He wasn't sure of the excellence of his work and he had a friend among the professors to whom he took the thesis and said, "Sir, I would like to have you look over this informally and tell me what you think of it." The professor said, "I will be glad to do that. Come back tomorrow."

The boy came back. The professor said, "I have read your paper and I must say you have written much that is good and original. However, unfortunately that which is good is not original and that which is original is not good."

There seems to be today an increasing realization that the world has experienced economic, social and political changes in recent years of far-reaching significance. In the United States, the flow of world events and the gigantic forward strides of the American economy are compelling banks and businesses constantly to re-examine their policies and their objectives.

It is not an easy task to adjust our thinking to the vast changes

which are today dictating the direction and determining the development of the American economy. It is much easier merely to follow the accepted routines and the inherited opinions of the past. But if history teaches anything, it teaches that constant change is the only certainty in the life and enterprise of a dynamic nation. When change stops, the enterprise and genius of a nation are dead.

If we are to measure the responsibilities of banking leadership today, we need to understand clearly the vastly enlarged economy in which banks are now functioning. Consider for a moment the remarkable changes which have come to the United States in recent years.

The record of American accomplishments is expressed more eloquently in statistics than in mere words. In 1953, the disposable personal income (that is, income after taxes), of the American people was 350 per cent higher and the gross national product (the goods and services we produce) 400 per cent greater than in 1939. Business expenditures for new plant and equipment rose over 500 per cent, and expenditures for public utilities rose over 800 per cent compared to 1939.

Income and production have had a dramatic and almost incredible upsurge. While population was increasing 22 per cent and employment 35 per cent, the gross national product, after eliminating the effects of inflation, increased almost 100 per cent since 1939.

The American middle class, upon which so much of the economic progress of the nation depends, has been greatly enlarged. The number of persons earning, annually, from \$2,000 to \$5,000, and over, has been increased many times. For example, nine times more Americans were earning \$5,000 and over in 1952 than in 1941. The American people have had a remarkable advance in their real incomes and in their standards of living. The substantial increase in the size of the middle class is one of the most significant developments in this generation, and it is the foundation upon which American industry has built the greatest mass markets in history.

Consider what this broadening of the middle class has done to only a few products in the short time since 1946. The output of room air conditioning units has risen from 30,000 to an estimated one million annually; television output from 6,000 to over 7 million units annually; and the output of farm and home freezers from 210,000 to an estimated 1,150,000 units last year.

Our people today have over 45 million passenger automobiles, approximately 18 million more than they owned in 1940. In the same period they increased the insurance they own from \$115 billion to over \$304 billion, and their total savings rose from \$68 billion to \$250 billion.

In fact, in the last three years the people have saved at the annually high rate of 7.3 per cent of



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their disposable income, compared to 4.5 per cent in the prosperous 1929 period. These vast savings indicate that vast markets are available in the economy.

Consider the striking developments in agriculture. Output per man hour on American farms today is 150 per cent greater than it was only 12 years ago. An endless stream of mechanical equipment has moved to the farms. Almost six million units of equipment—tractors, motor trucks, grain combines, corn pickers and milking machines—have been placed on farms since 1941. \$17 billion of equipment is on our farms—five times as much as we had before we entered World War II.

Today the average American farm is worth \$30,000, which is equal to \$20,000 invested for every farm worker, and represents almost twice the investment per worker in the industry. Despite a decrease in the farm population of six million persons since 1940, and a very large addition to our total population, the agricultural industry has increased production and has given all of us much higher standards of living. Farming in our time has become big business.

No factor has had a more profound influence on the growth of our economy in recent years than the increase in population. From 1940 to 1950, our population increased almost 20 million, approximately 1½ times the total population of Canada. In only three years since 1950, our population has increased more than 9,000,000 persons and by 1960 may reach 175 million. Month after month we add a population equal to a city of 250,000 to be clothed, fed, educated and sheltered.

However, we need to understand that merely adding to our population is no guarantee that economic progress will continue, nor does it assure us that standards of living will rise. The heavily populated nations of the Far East have the lowest standards of living in the world.

An increasing population is not enough. Men need freedom, education, and incentives to produce. They need to share in the results of efficient production. They need remuneration for thrift and for the accumulation of capital. They need the free play of all those constructive factors which have been the mainspring of America's extraordinary economic progress.

The amazing record of our economic and social growth reveals that 40 million persons now get paid vacations and a million persons (excluding servicemen) went abroad last year. And for better or for worse, 27 million homes now have television and can see "I love Lucy" every week.

As recently as 1935, only an adventurer would cross the ocean by air. Today we casually ask whether Uncle Bill will fly or take a boat to Europe. In 1952, over 86,000 airplanes carrying more than a million and a quarter passengers entered the United States.

Remarkable as these develop-

ments have been, the changes now on the horizon appear to be even greater. (One is reminded of the moving picture producer who said his company's last picture was not very good. He said it was "only colossal and magnificent." The next picture would be much better. So we may say that America's past has only been colossal and magnificent. The future looks even better.)

In the future we may expect electronic equipment; new medicines and the conquest of disease; jet propelled passenger planes; great highway systems spanning the entire nation; whole sections of our major cities rebuilt and modernized; large expenditures for replacing industrial machines and equipment; vast outlays to enlarge school systems, hospitals, and utilities; and also far-reaching changes in our entire economy that will flow out of atomic energy.

Our extraordinary economic progress has been accompanied by a substantial growth of the banking system. Consider only a few of the significant figures. From 1939 to 1953, loans of all banks increased from \$22 billion to \$81 billion, investments from \$28 billion to \$91 billion, time deposits from \$25 billion to \$68 billion, capital accounts from \$8 billion to \$16 billion, and total deposits from \$68 billion to almost \$200 billion.

The financial welfare of every business and every individual in the largest city and in the smallest village depends to a great degree upon the competence and the ability of the leadership in our 15,000 banks. Even the single responsibility of administering the \$68 billion dollars in deposits carried in time accounts by 68 million depositors is a sobering one.

Today, when even the smallest banks are large compared to a few years ago, and when we are stewards for \$200 billion in total bank deposits, banking requires an even higher level of leadership. Today also, when the American economy has such a far-reaching influence on the economics of all nations, and when the United States has grown to world banking and financial leadership, American banking must be adequate to discharge the responsibilities and the challenges inherent in that leadership.

There is an almost irresistible temptation to become romantic in our thinking about the great future of the United States and the banking system. But in order that this discussion may not be lost in abstract generalities, let me set down in specific and practical terms, three fundamental responsibilities of bank leadership today.

The first responsibility of bank leadership is to provide highly competent management for our banks. I shall make no attempt here to discuss the details of everyday banking. I shall deal rather with the major phases of our stewardship.

At the risk of over-simplifying this first responsibility, may I emphasize five significant aspects of bank management. First, we are obligated to provide credit

facilities for our communities. We must have something more than a casual acquaintance with the businesses and industries we serve, if we are to take care of their credit needs intelligently, and protect our depositors and stockholders. It is worth recalling that approximately 40 per cent of all bank deposits are invested in loans.

No one can study the vital statistics of the births and deaths of business without being impressed with the hazards of business life. The competitive struggle for survival and for profitable operation is intense. In the first nine months of 1952, more than 323,000 new businesses were established, and over 278,000 businesses died.

Of 2,600,000 concerns listed by Dun and Bradstreet in 1952 approximately one in seven withdrew from operation that year. If you take a 40-year average from 1900 to 1939, you will find that every year one out of three listed business concerns withdrew or failed, and these figures do not include some of the most hazardous retail lines. Of the 867 business



HOMER J. LIVINGSTON

failures in January, 1954, two-thirds were businesses five years old or less. Dun and Bradstreet reports that the average life of a business is about 66 months.

The hazards of business are never small. Obviously, we must have a basic understanding of the financing problems of business in order to extend credit soundly. We need to be better qualified to analyze balance sheets, profit and loss statements, surplus accounts, and budgets. We need to study economic conditions and their effects on the businesses of our customers.

On an average, over 35 per cent of total bank deposits are invested in United States Government obligations, and almost 10 per cent of the deposits are invested in other securities. So large a part of our

earning assets now is in our bond accounts that at least one person in each bank should be assigned the definite responsibility for studying interest trends and the bond market every day. It is as unwise to be complacent about a bond account as it is to neglect the loan portfolio.

We also need to review the problems of building our capital accounts. In 1953 deposits were almost three times as large, and loans were over three and one-half times as large as they were in 1939. And yet, capital accounts only doubled in the same period. Banks need still larger capital accounts for the losses of possible periods of business decline. Equally important, banks constantly need to build capital to take care of the expanded credit needs of their customers. A bank which wishes to grow with its community and with growing businesses must have a growing capital structure.

Good management also necessitates a good auditing and control system in every bank. Poor accounting practices and poor auditing controls are inexcusable in any bank. If a bank is too small to have competent auditing, then management may provide periodic audits by able outside accountants.

Good management makes imperative at least one other requirement—a carefully considered plan for employe training and for the development of successor management. The growth and success of a bank rest squarely upon its officers and employes.

It is well for management to ask itself candidly such questions as the following: Exactly what are we doing to train our people to render intelligent service to every customer? What program have we for employes and officers to progress within the bank to higher responsibilities? Are we developing successor management in our banks? Are the working conditions and the remuneration adequate to attract able young men and women? Do we encourage employes who have imagination and ideas? Are trained young people, who ought to find banking attractive, leaving our communities to find employment elsewhere?

In the years ahead, more than ever before, these problems will occupy a position of transcendent importance in banking.

We may say then that the first major responsibility of bank leadership is strong internal management.

The second responsibility is to understand the operation of the entire banking system which combines the 15,000 individual banks. This necessarily requires an understanding of the Federal Reserve System, the money markets, and the government fiscal policy. This is no casual or incidental responsibility. Without competency in this field, no banker can discharge the full responsibilities of his leadership.

Only a few years ago, such terms as money and open market operations were relatively unknown. To-

day they are a part of the language of banking. Yet, how many bankers could explain the full meaning of the term "money supply"? How is this supply increased and decreased? Where does the money come from, and where does it go? What happens to money supply if the Treasury buys gold? What takes place when banks increase their holdings of United States Government securities? What takes place when the 15,000 banks have a decrease in commercial loans? What happens when the Federal Reserve Banks buy securities from non-bank investors? What takes place when we have direct purchases by the banks of United States Government securities to finance a deficit of the Treasury? What effect does an increase in currency in circulation have on bank reserves? What are the factors which affect the money supply and reserve balances? Exactly how do they operate? These are banking and monetary questions, and they are the business of bankers.

What are the instruments of control the Federal Reserve System has available to tighten and ease money markets and money rates? We use freely such terms as bank reserves, rediscount rate and open market operations. Specifically, what is the purpose of bank reserves? Is the primary purpose of bank reserves to protect depositors, or is it to serve as an instrument of general credit control? What are the advantages and disadvantages of bank reserves as an instrument of general credit control? What are the weak and the strong points of the present geographical basis for determining bank reserves?

There are bankers who believe that requirements generally are on a level which is far too high. They also feel that it may not be good policy over a long period for the Federal Reserve System to hold an amount of government obligations as large as is now held in the System's portfolio. These bankers believe that it might be desirable gradually, over a period of time, to reduce reserve requirements and then to offer holdings from the System's portfolio for in-

vestment by the banks.

Without attempting to analyze the disadvantages of these proposals, it is apparent that they deal with a fundamental aspect of the operations of the banking system. Consequently, it is important that each of us consider these matters carefully and be thoroughly informed regarding them.

One may ask similar questions of open market operations and the rediscount rate. How are open market operations conducted? To what extent are open market operations an effective and desirable instrument of credit control? What are the weak and the strong points of this instrument? How effective are changes in the rediscount rate? What are the advantages and disadvantages of selective credit controls such as we had under Regulation W? There is no satisfactory evidence that bankers generally have given the subject of selective credit controls the frank and critical analysis it merits.

Then there are all the questions of fiscal policy which are so vitally related to banking. How do Treasury operations affect the banking system? In a business decline, what effect might the Federal budget have upon banks? What effect would a Federal surplus have upon banks? Is the influence of the Federal Reserve System limited in the government bond markets?

If it is not the responsibility of the banker to be informed on these matters, whose responsibility is it? Too frequently we have been guilty of the sin of ignorance.

Finally, there is a third major responsibility. To meet fully the requirements of his leadership, the banker must have an intelligent understanding of world banking and financial problems. Here his responsibility for being well-informed assumes great proportions.

At the minimum, the banker ought to have an intelligent understanding of the monetary, fiscal and economic problems of such nations as Canada, Great Britain, France, Germany, Italy and Japan. Despite the political uncertainties and the confused economics of the world, we cannot withdraw from it, nor can we sever the ties of trade and finance which bind us

to the world. Our responsibility is to understand these problems and their impact upon our banks and our economy.

What are the fundamental differences between the banking systems of the major foreign nations and the banking system of the United States? What are the relationships between the central banks of the principal foreign countries and their treasuries? Which nations, if any, have their internal finances in sound condition? Which ones have balanced budgets? What fundamental differences are there between some foreign budgets and the American budget relative to capital expenditures? What is meant by convertibility? Complete convertibility? What particular problems must a nation analyze to determine whether its currency can safely be made convertible?

Among the problems of world finance and banking there is also the question of the place of gold in international affairs. What is a free gold standard? A modified gold bullion standard? What are the effects upon the Federal Reserve Banks and member banks of the System of shipments of gold between the United States and other nations? What changes, if any, should be made in policies governing American trade with other nations?

Here, then, are the broad outlines of the major responsibilities of the banker. They are responsibilities of heroic dimensions.

There is—first, the responsibility of competent internal management. Second, the responsibility for a thorough understanding of the entire banking system with its 15,000 banks, including the Federal Reserve System and the Treasury, all as interrelated parts of the financial structure. Third, the responsibility for a fundamental knowledge of world monetary, fiscal and economic problems.

You may say that this is the counsel of perfection. And so it is. A greatly enlarged and dynamic American economy, closely interwoven with the economies of the entire world, demands the highest standards of bank leadership.

Thank you for listening.

* * *

PRESIDENT BOSS: Thank you very much, Mr. Livingston. I am sure we will all remember the challenge you have given us tonight and will set about to learn the things we do not know about the banking system in our country.

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AGRICULTURAL BREAKFAST, JUNE 15

GEORGE ROBERTSON, Chairman, Agricultural Committee: I want to introduce to you this morning members of the Agricultural and Conservation Committees.

The prime purpose of this Agricultural breakfast is to place more emphasis on the one industry that all banks in the state are interested in — agriculture. — It gives us an opportunity to get together to talk over some of the common interests, to listen to an outstanding speaker, and it also makes it possible for us to acknowledge publicly the very fine work that has been done by these co-operating agencies.

I would like to introduce to you some of those men we have had the pleasure of working with this year. They are men who head the several federal and state agricultural agencies and institutions. We have had a number of meetings with them and have worked out with them some very good programs. We appreciate their good work and we enjoy their friendliness. It is a real pleasure to have them here this morning.

Normally they are the men who are making the speeches to us. This morning they are resting as we are not going to have them as speakers today. We have a man here whom you all know very well, a man who is always willing to assist bankers and who is an authority on agricultural economics, known not only in Minnesota but all over the country—Dr. O. B. Jesness.

I would like to present next the man who fathered the Scholarship Program, who is now working on a national scale through the American Bankers Association. He is our very good friend Dr. J. O. Christianson. Incidentally, he has two very hard working assistants who are here today, Professor Ralph Miller and Professor Henning Swanson. (Applause).

Whenever and wherever trees are planted or grown or cultivated in this Paul Bunyan Land everyone knows the man who knows the trees. He has worked very closely with our Forestry Committee, and we are very happy to have him here today, and to introduce Parker Anderson. (Applause). Working right along with him is Marvin Smith.

Forestry is only a part of the entire subject we are interested in, conservation. It has been my pleasure for a number of years to have known very well and to have worked with one of the outstanding conservationists of this part of the country, a man who has pioneered and helped set up the first Conservation District. I would like to introduce Herb Flueck.

We have had a lot of good publicity throughout the entire year. We appreciate it very much. Is Tom Boright here? He told me last

night he didn't think he could make it. Here is another representative of Commercial West, Bob Schwab. Stand up and take a bow, Bob. Thanks for coming.

The Committee should have a policy but it is very difficult for us to say in words just exactly what we think should be done. We are trying hard to work it out at the state level with these gentlemen you see here and they have cooperated well in several projects. Some of these important projects we want passed on down to the work level, if you please, in the counties, and we are never too sure just what the banks want in each section of the state. We are trying our best to work out programs that will be of interest throughout the state if it is possible to do it.

We recognize, first of all, that we ourselves are not agricultural experts and we should give no advice to anyone about how to cultivate or harvest their grains or how to run their dairy herds.

By the way, I hope you all ordered milk this morning if there is any. It is awfully good. It is better than some of the other things you have been drinking. I suppose we probably ought to get behind this dairy product program that is being put on. It seems to me at the county level we can do a lot of good in supporting the program. All we are trying to do as we go along is to work these projects out as we think they can best be worked out at the state level and pass them along to you members.

Presentation of Awards

TO 4H CLUB MEMBERS AND FUTURE FARMERS OF AMERICA

One of the things the Association has done here for a long time is to present some prizes to 4-H Club members, and at this time I am going to ask our good Secretary, Floyd Larson, to make that presentation if he will. The acceptance will be by Osgood Magnuson who is Assistant State 4-H Club Leader. Floyd, will you step up here, please.

SECRETARY LARSON: Thank you Chairman Robertson. Good morning, Ladies and Gentlemen.

The Minnesota Bankers Association each year has made this award to the 4-H Club movement. I can't think of any more worthy cause to contribute the sum of \$500 to defray the expense of 4-H Club delegates to their Annual Convention in Washington. I think we all are thoroughly familiar with the 4-H Club movement. You know it at the county level. We have seen it work at the state level. Here to accept the check for \$500 and tell us briefly what this wonderful organization is doing is Mr. Osgood Magnuson. Mr. Magnuson, would you please step forward.

In behalf of the Minnesota Bankers Association, I am more than delighted to hand to you a check for \$500 and to express our appreciation for the fine work your organization is doing.

MR. MAGNUSON: Thank you very much, Mr. Larson. We in 4-H Club work are very happy for the continued sponsorship by the Minnesota Bankers Association of 4-H members to National Camp. I am very happy to be here this morning to represent all the members, their leaders and others, and on behalf of Mr. Harkness, our State Club Leader, who right now is enroute to the National Conven-

tion I want to say, thank you for this fine contribution to 4-H Club work.

Briefly, there are nearly 50,000 members in Minnesota along with some 2,200 clubs. There are almost 6,000 volunteer local leaders who are contributing about 16 days each to their clubs each year. In the United States we have now over two million belonging to 88,000 4-H Clubs. I think you will be interested to know there are 15 million 4-H Club alumnae in the United States, which makes a nice percentage of our total population in this country.

We are very proud of our 4-H Club members and particularly proud of the members who with Mr. Harkness are now enroute to National Camp—Nancy Meyers of Houston County, Beverly Foster of Anoka County, Alvin Aho of South St. Paul, and Marland Dow of Wilkin County.

They will meet in Chicago with the states of North and South Dakota, Nebraska, Iowa and Wisconsin, and at that point they charter a bus to take them to National Camp. They call it the Corn Belt Special. They left Chicago early Sunday morning, went from there to Detroit, then to Ontario Sunday night and last night were at Niagara Falls as the guests of the local 4-H Club, and are now rolling down through northern Pennsylvania to Philadelphia and will arrive in Washington tomorrow in time to open the National Camp.

We are very pleased to have the continued cooperation of all you bankers in your individual counties because we know you do an excellent job. Of course we are especially happy that you as a



1.—Joe Miller, Jr. and John Mayerle, Juran & Moody; Steven Kirby, Northern Minnesota, Duluth.
 2.—Admiring a lace dress in the hobby exhibit.
 3.—R. J. Anderson, Grand Marais; George Henry, First of Minneapolis; Joe Brown, Northern Minnesota, Duluth; Wayne Blackmarr, Wayzata.
 4.—Prof. Butz; Melvin Fabning, Minnesota FFA president-

elect, receiving MBA check from Andy Sirek, New Prague.
 5.—Two Andersons check their programs—Dick of Grand Marais, left, and Goodwin, Empire of St. Paul, right.
 6.—The Kryz-kids—Camilla and Karen Kryzsko of Winona peruse the ceramics exhibit of Mrs. F. A. Amundson (husband "Jiggs" is with Midway of St. Paul).

state association make this fine contribution of \$500 each year to send our delegates to the National Club Camp. In behalf of all of the members and friends of 4-H Club work, thank you very much.

MR. ROBERTSON: It was nice to have you here. We are always very much interested in 4-H work. We also are interested in another rural youth association and have traditionally shown some consideration to the FFA boys. Andy Sirek will now make that presentation.

MR. SIREK: Chairman Robertson, friends: It was a pleasure and good feeling this morning to have the lady call and say "Good Morning, 7:20."

I believe you all felt the same way. It is nice to see your kind and smiling faces on a morning like this. It certainly is a pleasure for me to be on this program, to do this kind of job for the work essential in our country, not only in our country but the world as a whole. I think it is a challenge and I think for that reason when the Minnesota Bankers Association talks about the FFA it applies to the future of all of us, not only of America but also the world itself.

As I mentioned, it is a challenge to what the youth may contribute in this direction to make it a better world in its entirety and for that reason I again repeat it is a pleasure to take part in the presentation of this award to FFA, and in doing so I will call on the gentleman representing the FFA in Minnesota, Mel Fahning of Freeborn County, President of this Association. He represents 9,800 FFA of America, numbering 220 units operating in this state. It certainly is a tribute to the leadership we need.

Before making this presentation to you, I would like to emphasize it isn't the amount of money involved in this presentation or award, Mel, it is the fact you folks recognize certain principles that we as an organization of bankers evaluate every so often during the course of our operations. We not only take into consideration the assets and liabilities but evaluate the leadership and the principles of your organization.

For the benefit of those present I would like to refer to some of the principles for which your organization stands: The development of character, a high standard of citizenship, a higher standard of education, the outstanding sponsorship of a better calibre of leadership in the state and also the program of more education within the ranks.

I think this kind of tribute can be practically and very well applied to all industry, not only to the FFA but to the future bankers of Minnesota and America, to the future business men, to the future educators, to all of the future we have because that is the kind of challenge we have in this world. With that thought, not so much that it signifies the amount of money but these principles we recognize so much as an association,



G. M. ROBERTSON

and with that thought I present this check to you, and wish you good luck. (Applause).

MEL FAHNING: Mr. Sirek, Distinguished Guests, Members of the Minnesota Bankers Association:

On behalf of the 9,841 FFA members in Minnesota, I will accept this check for \$100 to be used to pay for the expenses of our delegates to the National Convention to be held in Kansas City this fall. Also I wish to thank you for your interest and support of the FFA. It really gives us a good feeling, those of us connected with the FFA, to have business organizations such as yours showing your interest and support as you have shown by this check you have presented to us, because it shows we are carrying on our work successfully, because you have felt it worthy enough to give your support to it.

However, the heart of the FFA does not lie here on the state level. It is back in the individual members belonging to 220 chapters scattered throughout the state of Minnesota.

When that freshman boy comes in to a local banker in his home town and wishes to borrow a hundred dollars to purchase a purebred geld it is there that your support lies when you grant that loan to him. He has some goals he wishes to reach and the primary aim of the Future Farmers of America is to become established in farming and you help that aim when you grant that loan.

Speaking of goals, we have many goals in the FFA and I think that is one of our good points. It reminds me of a small boy plowing in the field, just learning, and his furrows were rather crude and not in a definite pattern. His father came out to offer him some very valuable advice which we can always put to use. He told him to look across the field and sight something in the distance such as

a tree, a pole or a windmill, something of that sort. "Keep your eye on an object in the distance and then head straight for it."

And that is one thing we can do in our own lives and try to put across. Set up a goal and head straight for it." Through your support we can make these goals become a reality, and we in the FFA encourage the rest of our members to go to their local banker when in need of financial assistance.

We want to show our appreciation for the help you have given us. Once again I wish to thank you for the presentation of the check. Thank you very much.

MR. ROBERTSON: Thank you very much, Mel. We are very happy to have you here.

One of our important projects has been the Scholarship Program. Ralph (Casey) Jones will now introduce one of these young folks for a few words. Mr. Jones.

MR. JONES: Thank you very much, George, and good morning, Ladies and Gentlemen.

It is a good morning, isn't it? Although in this day and age of the horseless carriage, the toeless shoe, and the strapless gowns, there must be a lot of confusion—I think there is some confusion. Last night, for instance, I thought the elevators on occasion went up and down and I noticed other people going up and down. I don't know where they were going but some were going up and some were going down, so there must be confusion, which reminds me of the story of the youngsters—one girl and one boy. When they were young the girl plays with dolls and the boy plays with soldiers. Then when they grow up the girl plays with soldiers and the boy plays with dolls. That is the reason I say there must be some confusion.

However, I think—regarding the Minnesota Bankers Association in adopting the plan of the farm youth scholarships—there can't be any confusion there because of the fact they are training young people to go back on the farms to farm in the proper manner, to be leaders in their community. In Minnesota we started three years ago with a scholarship program of 10 members. Last year it was about 34. This year you people are sponsoring 52 students at the Agricultural School.

Our good friend Dr. J. O. Christianson is one of the leaders in that school as well as Dr. Jesness, and many others. They train those young people and they train them well as many of you know when they come back into your own communities. This is one program that the Minnesota Bankers Association can well be proud of. Many state organizations other than ours are following our plan very closely.

It is my privilege this morning to introduce to you one of the outstanding students at the Agricultural School at the present time. His name is Marvin Johnson, the son of Russell Johnson of Maple Plain. He has been awarded the gold letter from the Agricultural School

for outstanding work there. His father farms about 400 acres. When Marvin finishes he will go back on the farm and be a leader in that community, and that work is the program which all of this is aimed at.

I take a great deal of pleasure in presenting to you at this time Marvin Johnson. (Applause).

MARVIN JOHNSON: Thank you, Mr. Jones, Members of the Bankers Association, Special Guests and Friends:

It gives me a great deal of pleasure this morning to be at this first agricultural breakfast and 64th Annual Minnesota Bankers Convention. It also gives me a great deal of pleasure to represent 52 agricultural scholarship winners at the School of Agriculture. They are representing 42 different counties, and we are sure that is a good representation of the entire state. I especially want to thank the members of the Minnesota Bankers Association for having such a splendid program of scholarships. If

it had not been for this Association I would not be here this morning and would have missed some of the best times of my life. I always said I was not going past high school. I wanted to do the best I could in high school and then go to work on the farm, but when I found out about the course in the School of Agriculture for students who didn't want to go to college for a degree and who were interested in farming, I was going to sign up but if it hadn't been for the scholarship I would have never attended the School of Agriculture.

I also want to thank the banks of Hennepin County for their cooperation and Mr. Paul Lindholm of the State Bank of Maple Plain for his interest. The School of Agriculture is interested in giving technical advice. They are not just interested in giving checks. A student will remember things he has learned for a test and then forget them but one wants to be sure he has information to carry with him the rest of his life, and each one of

the students who wants to go back to the farm is not ashamed but proud.

That reminds me of a story I once heard. It is about a farmer and a city person. The city person was not well acquainted with farm life and what is done on the farm. The city person came out to visit the farmer and offered to help him milk his cows so he was given a pair of overalls and a milking pail. Things were going along pretty smoothly when the farmer noticed the city person in front of the cow's tail. He said, "The cow put his foot in the pail but I will strain it." We need technical advice in things that simple.

Then there also is the fact that farming is getting to be an occupation which you must be educated for. We need to keep up with the things of the day to make our operations more efficient and we need not only technical advice but leadership, and we are going to be leaders in our homes. We want to be the best farmers and also want to make a record for ourselves, for the School of Agriculture. We want to be the best students there and will try to do so and it doesn't just stop with the \$400 we receive but each student knows when he wants to get started at home the banker will help him.

The school isn't just for boys but for girls interested in home making and nursing who will be prepared for the future as well. I am sure, as I represent all of the scholarship students, they are all proud and thankful for your cooperation in helping to promote this education in the School of Agriculture. (Applause).

MR. ROBERTSON: Thank you very much, Marvin. In having these young people talk so fluently it shows their fine training in contrast to myself who didn't happen to have that kind of training.

I want to introduce to you the President of the Association who is too modest to sit up here this morning—Wally Boss. (Applause).

Also the Vice President of your Association, Bill King (Applause).

These gentlemen have worked as diligently as any member of the Committees. It has been a pleasure to work this year with this group. I have enjoyed it tremendously and I think all of the other members of the Committee have had the same feeling about it.

Our speaker this morning is one who has talked to groups of this kind frequently and many of us have had the pleasure of hearing him. I think the latest perhaps was in Chicago. He is Dr. Earl Butz, head of the Department of Agricultural Economics, Purdue University, Lafayette, Ind. Dr. Butz has just flown in here this morning from a speaking trip out West. He is going to appear on the program again later in the day. He says a couple of appearances like that during the day are nothing for him. Dr. Butz.

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Economic Climate for Agriculture

By Dr. Earl L. Butz

CHAIRMAN Robertson, President Wally, Ladies and Gentlemen:

It is always a pleasure to get to a group like this where you get out so early in the morning after the night before. It is a real pleasure for me to be here and see so many of my old friends. I use Dr. Jesness in a double sense, and Dr. Christianson and Frank Parsons. I am happy to discover that Wally Boss is the president of your Association this year because the profession of agriculture has an eternal debt to his good father who pioneered in a very substantial way in farming and agriculture and the field of scientific agriculture, and agriculture will eternally be indebted to his good father Andrew Boss, so it gives me real pleasure to be with his son.

I especially like the welcome you give your visiting people. I flew in from Salt Lake City last night and said to the room clerk, "Give me a quiet room, please." He said "We have a very quiet room—607." It was two doors from a room that was entertaining. They were having a grand party. I understand there were some others.

It finally got quieted down about 3:00 a. m. when somebody gave me a musical serenade, with mixed voices, a good one. I awoke again and had some difficulty getting back to sleep—I was tired, weary and lonesome so I picked up the Gideon bible. On the inside cover it said "If you are depressed over business read such and such a Psalm, if you are in love, read so and so, if you are weary and lonesome read the 23rd psalm, and I read "The Lord is my shepherd, etc." At the end of the Psalm there was a little pencil notation which read "If you are still weary and lonesome call Humboldt 4600."

So I want to compliment you folks on the manner in which you welcome your guests here. I want to compliment you folks on your fine scholarship program and the other programs you have under way in Minnesota. I have heard for some time about this wonderful scholarship program you have had in cooperation with the University under J. O. Christianson.

There is no type of flattery greater than imitation. We imitated you at Indiana last year when they decided to offer a short course and we copied your plan in its entirety. There is no type of flattery higher than that. We thought we might perhaps get a dozen students and to our utter amazement got 46. I thought we had you topped but instead you had 52. It is a wonderful program and when you get behind education as you are it is a great thing to do.

I have to hurry along. I have been served notice you have to get out of here, and the Boss in a double sense is sitting here with his

watch in his hand. You have a mimeographed copy of part of my speech. We are going to refer to it. You can take it with you. Time is short and Wally has a program starting at 9:30. Frequently a speaker gets put in the position where he can do it if he has to.

Sometimes I get put on the spot where I have to hurry like going through the third grade in a one-room country school in Indiana. The trustee sent a young teacher out to get experience. We hadn't been going there a week when the teacher turned to write on the blackboard. One of the kids said, "Teacher, I see the top of your stocking." The teacher said, "That is enough out of you. Put on your hat and coat and go home."

The next time she turned to write on the board another boy said "Teacher, I see your garter" and she said "Willie, you go home and stay there the rest of the week." And he left.

The room quieted down and then the teacher dropped her eraser. I got up and put on my hat and coat. I said "I am going home. I just finished the third grade."

I am not going to hurry quite that fast this morning.

Another point I want to compliment you on is your support of the 4-H and F. F. A. I just sat here realizing as you presented these checks that it was just 24 years ago this week I was one of four delegates from the state of Indiana. It was a wonderful experience. My wife was one of the delegates from South Carolina to the same camp. You never can tell what will come out of that \$400.

It is a wonderful thing and I congratulate you for this very active enlightened support you give to the State of Minnesota. There is no better way to support agriculture than in that way.

I didn't come here to tell stories. You have J. O. and Oscar of whom there are no better story tellers. I picked up a few this morning, as a matter of fact, but I can't tell them.

This morning we want to discuss "The Economic Climate for Agriculture." I have done the very foolish thing of putting my thoughts on paper. Nobody is able to foretell but can only make intelligent guesses. We hope you are intelligent.

I want to be as frank and forthright as I can with you. I will admit I will say some things that are not true, yet I am sure something will happen in Washington, Moscow or Geneva in the next six months that will make us change our estimate of the situation. If any of you preserve this paper you will say, that crazy fool was wrong. I am warning you some things on that sheet are not true. So don't hold it against me. It seems rather foolish for Wally and Floyd Lar-

son to have me speak, just a college professor, to you fellows who work for a living.

I could be wrong 10 years at Purdue before they found it out. We have some professors who have been wrong and you have some at the University. If you come around afterwards I will be glad to discuss it with you. The only difference between you and me is that I have a 10-year period of time in which I can be wrong. You only have six months time, and we are both wrong frequently, so don't be too critical of your professors because you are wrong, too. But when you are wrong for six months the bank examiner comes around.

There is no error in being wrong but the error is in not recognizing your error. Keep revising your estimate.

I am going to speak very frankly to you. I will have to discuss a little politics as I get into the economics of agriculture. This is an election year. I know one should never discuss politics or religion because you never convince anybody. You may disagree with me. I expect you will, if you don't treat me too harshly. We are all inclined to regard someone who disagrees with us as a so and so. Mrs. Butz and our two sons, six and 10, were out riding. I usually drive but this afternoon she was in the front seat. Traffic was heavy and as we drove along our little boy, the six-year-old, said "Mommie, where are all the bastards today?" His mother looked at me and never cracked a smile. She said "Sonnie, bastards are on the highway only when your father is driving." Suddenly it brought home to me that I regard everybody who disagrees with me as a particular so and so.

On the sheet you have there is a table of five different things—the current situation, the long term and the short term outlook. There are five columns of figures in the first table. First is May, 1954, the most recent date we have. I have had to estimate three or four of those. When the final figures comes out it will be approximately.

For purposes of comparison I have February, 1951 which was the high point in the main on prices reached during Korea and I have just before Korea. If you recall very briefly when the Korean situation started prices went up very sharply and reached a high about February, 1951. They have been in gradual decline for some commodities since February, 1951. They have been in a period of relative stability on the average in the last year or 18 months. But we reached a high point in February, 1951, which was pretty palatable for most farmers and country bankers; from the eight months until February, 1951 prices received by farmers rose to a high point.

It was the most rapid and most pronounced rise in the history of American agriculture. It was a time when all if us thought it was working pretty fair, didn't want any governmental interference. When it turns the other way some



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of us aren't too stable. Let's see what happened briefly.

United States Wholesale Prices 248 compared to 246. That is stability. As a matter of fact it is up a little bit, no significant change, down from three years ago but still steady.

Let's look at Prices Received by Farmers. That is an average which includes everything from hogs to Minnesota butter. I know we are in danger in using average figures. This is an average. If you average my salary with that of Henry Ford you get a pretty respectable figure. Just as if you have one foot in the oven and the other on a cake of ice—on the average you will be comfortable. I apologize to this young lady taking shorthand, as I am going pretty fast.

That stood at 258, now 263, down five points a year ago in May, took a little spurt up as hog prices went up. It was 259 in April a year ago. That has fluctuated within the rather narrow percentage in the last year, and that is within the limits of my concept of economic stability. It hasn't fluctuated very much down from three years ago. It got to 313 a year ago. It has come down, if it had not raised so much—it is the old law of reaction.

The next item is Price Paid by Farmers and the fourth is Parity Prices Ratio. We hear a lot about Parity. Nobody understands it except Dr. Jesness. I have tried to learn.

Somebody said the Bible now reads "hope, faith and parity and the greatest of these is parity." We buy butter and sit at the shrine of parity, cotton, cotton seed, peanuts, turpentine, etc. That hasn't changed a great deal—91 last month, 94 a year ago, in April a year ago it was 92. It has fluctuated in the very narrow range of 40 in 18 months, which I think indicates relative stability on the soft side.

I am going to get a little political. There is a lot of loose talk tossed around that in Minnesota you are going to have a new senator. Unfortunately, our politicians have chosen to make agriculture one of the major battle grounds. I regret very much that it is true, that we are going to fight a major battle in the agricultural arena this year.

Let's examine a few figures. When Mr. Benson took office in 1953 the U. S. parity price ratio for farmers was 94. The lowest it has been since then was 90, a 40 degree range in the 17 months he has been Secretary of Agriculture. In the 17 months before it declined from 104 to 94, a decline of 10 points. I don't say that to place responsibility on any group for anything here because I think the Democrats were not responsible nor do I think they were responsible for stopping it. It was just a result of the Korean war development. However, I think the Republicans have been very stupid for letting the Democrats put it over on them.

I say we have been in a period of relative stability, and I think the price decline we have been experiencing has reached its bottom,

COMMERCIAL WEST

but you can't indicate precisely when or what the index will be. I have a feeling we will level off our wholesale price level and farm product price. By late fall I would anticipate we might see a very modest recovery, not a boom, but within the limits of economic stability.

We are down some from last year. That is no secret to you. Our gross national product is down a little, our disposable income that consumers will spend, however, remains about the same—up a little. Economy is going pretty good. We have heard about unemployment—three million this year—some more than a year ago. This year 3 million seems bad.

It is a little early to make a forecast for 1954, but it appears 1954 will be the second largest year in the history of America and in my book is a long way from the kind of depression the politicians are having us believe we are going through. It is not a bad year. It is a pretty good year—the second biggest year in the history of America.

There are so many people in America who think it is disastrous to have a little economic adjustment once in six years, there are so many people who regard normal times as 10 per cent above the previous year. We in agriculture and in the banking industry stabilize the American economy, stop inflation and depreciation of the dollar, and now that we have an administration of stable economy and are stopping creeping inflation, many of us aren't too sure we like it.

Take home this thought—1954 is going to be the second biggest year in the history of America. I would anticipate, barring unusual conditions, and assuming a continuation of the international situation about as it is today, that perhaps by late 1955 the rate of business activity in America may again exceed the high point it reached in 1953.

I have confidence in the long-time growth-rate of American economy and in that I think we will have a wholesome growth in American agriculture. I refuse to get discouraged.

It is a rapidly changing agriculture which you are financing and helping in Minnesota, an age of science and technology in agriculture, of tremendous investments running \$50,000, \$70,000 per farm family unit. I took some farm records last year in cooperation with Purdue University and discovered 300 farms averaging 250 acres averaged \$87,000 capital investment per farm and made a quick division and asked myself—per farm worker with 1¾ worker per farm it takes \$50,000 investment per farm worker, and I think that would not be very far wrong from some of your farms in Minnesota, \$50,000 per farm worker.

It takes \$15,000 to create one industrial job and three times as much to create one agricultural worker, and I cite that to indicate to you that agriculture is a highly scientific industry calling for large

amounts of capital and high managerial requirements. When you and I were youngsters they said, if you can't do anything else you can always farm. Now it is just the reverse—farming requires a large amount of capital, science, technology, and that will increase, and they are going to call on you to help finance it and you have to decide which of the young farmers you will give capital to and those you will relegate to industry.

Since that is true, it means we can't try to guarantee success to any Tom, Dick and Harry who wants to farm. That gets back to looking at agriculture as a big business in every sense of the word, for those who have the managerial capacity to do it.

There is a good future for this country—our level of eating is going up, 12 per cent greater and better food, our population is going up—2½ million new people—enough to build a new city the size of Detroit, Michigan every year. Our purchasing power is going up.



DR. EARL L. BUTZ

We have to make some shifts occasionally. It may be we will have to shift out of the butter business to something else, this kind of farming to that kind of farming, from wheat to something else.

We always have had to make those shifts. We must avoid a farm program attempting to freeze our program in agriculture. We want to keep it flexible and dynamic. If we can do that I am sure there is a good future for the farmer. We are in this little cost freeze. Some are going to falter. I hope you haven't financed them too much.

We always have those experiences in a free society, from inefficient hands to efficient hands. We have come through a dozen years in which there were no foreclosure proceedings. We have a lot of dead timber. We are going to pluck a few of them out and I don't feel too badly as long as I am not the

one that gets plucked. That is the way we operate in a free society.

But what do we do? What do we do here? We come along with an asinine agricultural program.

I think a program that prices the product, that prices corn into large steel bins rather than into a feed lot, that prices butter into government warehouses—we sit here today with the U. S. Government owning some 350 million pounds of butter, cheese and dried milk, bought in an effort to keep the price at what we can't afford to pay for it—the capital consumption of margarine was within a half a pound of the consumption of butter—and butter would be used if sold at reduced rates.

It illustrates a very fundamental point—you can set the price but you can't make me buy it. I will buy something else. You have got to be good to get your product sold you see. I read in the paper last night the House Agricultural Committee voted to raise the price on butter and prolong this situation here. Here we sit with our butter and will have to acquire some more before harvest time on which they have loans. To get absurd we own 2½ millions of turpentine. I don't know how much use we have for turpentine but I didn't think there were that many dogs in the United States.

But here we sit today, locked in deadly battle in Washington. How long are we going to continue that damned foolishness? I say that advisedly. On one hand we have the Secretary of Agriculture—in my book he has the courage to stand up for his convictions which I believe to be right and sound politically—and Congress on the other hand trying to extend this system where we price our products into government storage, try to put agriculture in straight jacket controls where we tell them how much of this and where to market that and how you have to have storage to keep it in.

I think it is time the American people and bankers analyze these things very carefully and ask themselves, "Do we want a program for American agriculture to permit a maximum amount of freedom for good farmers to decide themselves what they want to do and price their own products or take the other road of price support, pricing it into government storage bins and put on ourselves manacles where we are locked in deadly battle?"

Unfortunately, members of Congress are afraid to go back to their constituencies unless they appear to support these things. Some are sincere and some not.

I think it is time that the people, the bankers who influence these things, analyze and reach a conclusion, assume responsibility, to formulate public opinion in your community because after all in America there is going to be a great future if we can preserve something like a free price system, if we let the market price determine it instead of regulation.

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in it. I know you do or you wouldn't be in the banking business. But so many of us support those who rush to Washington and support government prices. Let's take our chances in the free market. We don't want rationing. We like the free price system.

We use this little ration ticket today (a \$1 bill). We use it in American agriculture. They tell us how much wheat and corn you can grow. In the main we still use this little ration ticket. I am always a little short on these ration tickets myself, never have enough to go around, but in any price system I can use that anyway I want to. I work like the very

devil. That little ration ticket is one of the strong incentives of the highest standard of society the world has ever dreamed of. It is primarily responsible for the high standard of living we enjoy in America as contrasted with other places.

If I want more of those I can work harder, produce more, and I can prepare myself for a better job. It is that ration ticket that makes you farmers lie awake nights thinking how to produce more feed and to produce more cows. It makes you lie awake weekends wondering how you can increase your deposits, your loan portfolio, and your service to your

community.

The other kind is like your mother-in-law. Your incentive is destroyed when somebody else tells you what you can do. There is no stronger incentive than a free agricultural market, than that little ration ticket.

Why do you think I left my work piled high at Purdue University to talk to you twice today? Do you think I am here because I love you? Let me tell you, I am here for ration tickets today. Wally Boss and Floyd Larson are paying me to talk to you today. Don't misunderstand me. I love you but not that much. I use that as an illustration so you will take that point home.

There is a powerful incentive (waving a dollar bill) to work for production and in this world where one-half is pitted against the other, one-half slave and one-half free, there is nothing like power of production and production comes from a free price society which has built America into the most productive, the most powerful and the freest agricultural country on the face of the world. Let's keep it that way.

Thanks for your attention.

MR. ROBERTSON: Thank you very much. When we told you we were going to have an outstanding speaker we meant exactly what we said and your applause tells Dr. Butz more fluently than I can how much we appreciate what he has said.

This, gentlemen, winds up your first Agricultural Breakfast. Thank you all for coming. If you liked the program of the Agricultural Committee, you may tell us. If you have any changes or criticism, we would welcome them.

Please let us know what you like because the program is no good unless it merits your full support at home at the work level.

Thank you very much for coming. We will see you again next year.

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TUESDAY MORNING SESSION, JUNE 15

PRESIDENT BOSS: We will start our meeting this morning. Jiggs Amundson, one of our choir directors here in St. Paul, with the aid of the piano, is going to lead us in a song, God Bless America. Jiggs Amundson.

* * *
Thank you very much, Jiggs. That was very fine. I am surprised at the nice voice you have.

INVOCATION — The Reverend Leon B. Gladish, Jr., House of Hope Presbyterian Church.

PRESIDENT BOSS: Last April, at a general city election, the people of St. Paul elected a Mayor, and he took office less than two weeks ago. This is the first time he has held political office but he has gotten off to a very fine start, and I am sure will lead St. Paul forward in many ways. I understand he has a Council Meeting at 10 o'clock so he will be unable to remain with us, but it is a real pleasure to have him here at this time to extend Greetings to us. Mayor Dillon of the City of St. Paul. (Applause)

MAYOR DILLON: Thank you very much, Mr. Chairman, and Officers of the Minnesota Bankers Association.

I am very glad to welcome you to the City of St. Paul for your convention this year, and hope your stay in St. Paul yesterday, to-

day and later will be a very pleasant one, not only for yourselves as individuals but yourselves as an organization.

I am extremely fortunate in having the opportunity to welcome an organization such as yours. It is a great deal different than welcoming an organization meeting here just for fun because you have placed upon your shoulders responsibilities and influence in the communities in which you live and transact business. Because of that heavy responsibility you have a great burden to bear in living up to your responsibilities to the public.

Finally, in conclusion, I am glad to have an opportunity to at least be seen by many members of the Minnesota Bankers Association because in the recent political campaign as political campaigns go, I am certain many people thought I must at least have horns in my head so now you can see I am just an ordinary individual, built the same as everyone else.

Thank you very much.

MR. BOSS: I am sure we all agree we are going to have a very fine administration under Mayor Dillon. It was very fine of him to come over to greet us in view of the council meeting he has in just a few minutes. Thank you very much.

conducting of tree-planting demonstrations in most of these counties, the sponsoring of an Anniversary Treeville Planting Broadcast at the Pat Knox Farm near Shakopee.

The coordination of five state and federal agencies interested in tree planting with the Minnesota Bankers Association tree planting program.

Increasing to 52 the number of agricultural college awards to carefully selected applicants to attend the School of Agriculture.

The establishment of an Agricultural Breakfast at our annual convention, and I might say we have just concluded that, and it was a very fine start. We had a good crowd, and if you weren't there you missed something. I hope next year the crowd will be doubled. I think there must have been 250 or 300 in there this morning.

The development of an ad for publication in the weekly newspapers throughout the state to encourage the increased consumption of dairy products.

A salary survey.

The conducting of eight highly successful Clinic meetings throughout the state.

The establishment of a monthly credit bulletin.

The establishment of a monthly legal bulletin.

Increasing the hospitalization benefits to subscribing members without additional cost, the installation of 18 banks in our new pension program with eight more to enter on June 28.

The organization of 24 A.I.B. Study Groups throughout the state, teaching 29 classes, studying five banking subjects, by 312 bank officers and employees.

A Junior Bank Officer and Staff Conference with a record attendance of 625.

The establishment of our first Agricultural Credit Conference as an outgrowth of the previous year's Bankers Day.

This outstanding convention, of course, with its three innovations—a Hobby Show, the Special Meeting of the Ladies, which will start at 10:30 this morning, and, as I mentioned earlier, the Agricultural Breakfast.

The M.B.A. Special Train to the Bankers Convention in Washington. Our Washington Conference and visit to the American Bankers Conference in New York.

The revision of our accounting system. I feel that the business of your Association has been well reorganized. We have an excellent accounting system, and we are on a sound business basis.

The adoption of a new, modern membership sign to hang in your bank lobbies which will be sent to you very shortly.

The revitalization and re-activation of interest by bankers in Min-

The President's Annual Address

By Wallace L. Boss

AT THIS time your President will bring you a brief summary of the past year's activities of your Association. It is not my intention to bore you with a lot of detail but I do think you should know something of our accomplishments during the year and what some of the plans are for the coming year.

It has been my purpose to share with you insofar as possible the deliberations, problems and activities of your officers, Council of Administration and the committees. To accomplish this I instituted periodic reports to the membership, doing as best I could, on the work carried on by the various committees, and reviewing with you all matters presented to the Council of Administration.

My final report was sent you only last week so if you have taken time to read it and the preceding reports you know just about as much of what your Association has been doing as your officers, councilmen and committeemen. I should like, however, to refresh your memory by mentioning some of the things that have been accomplished during the year.

Our committees this year have

been working committees. The number of committees has been expanded with the addition of new committees for promoting the sale of U. S. Savings Bonds, handling our new pension program, our group insurance and hospitalization program, a committee to study the perpetuation of small banks, and a sub-committee on installment credit.

The size of the committees, however, was materially reduced, which enabled the committees to get together oftener, work more effectively, and, I believe, with less strain on the budget.

We discontinued the Public Relations Committee as a separate committee and combined its functions with the Bank Promotion Committee.

It would take more time than is warranted to mention the projects carried on by the committees with the aid of our Association office and our Executive Secretary. Briefly, they are:

Increasing to 46 the number of tree-planting machines provided by bankers and bankers' groups to agricultural leaders in 42 counties for use throughout their counties, the

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vestment of reserve funds, group insurance and hospitalization funds and temporary investment funds, until needed.

A study of the desirability of building our own office quarters or renting more adequate space at less cost.

The stimulation of interest by Minnesota bankers in subscribing for the R.F.C. participation certificates offered last spring as the result of which Minnesota led the nation in the number of banks participating in the bank loan pool plan, and

Finally, living within our budget.

In addition to the matters mentioned the Group Insurance and Hospitalization Committee is presently making a survey to determine from subscribing members whether the life insurance provided in our group insurance plan should be increased from the present maximum of \$6,000 to a maximum of \$10,000 at a cost to the subscribing member of \$6 per month per subscriber.

Also the Bank Management and Research Committee is planning a survey to learn what service charges are being made by our member banks with the thought that when the banks whose service charges are considerably below the average see what other Minnesota banks are charging they will promptly revise their own charges so as to be more uniform and increase their earnings. This survey will also include a request for information on microfilming, which, I am sure, will be of considerable help to each individual bank in determining what should be microfilmed and what need not be.

I mentioned in my report to the membership last week that suggestions have been made that a Junior Bankers Division be formed and also that we reorganize on a county association basis with our annual Clinic meetings being set up much as our old group meetings and that we discontinue our present division organizations.

The question of the formation of a Junior Banking Division has been left in the hands of your officers by the Council of Administration for recommendation and the matter of the reorganization of our organizational setup will be placed in the hands of a study committee to be appointed by your new president. I am sure that your new officers and these committees will greatly appreciate your suggestions on both matters.

I mentioned that we have attempted to get an early start in drawing the bills to be submitted at the next session of our legislature next January and that these bills when drawn will be sent to the members for their suggestions and approval in the hope that by early November when the elections are over every member can have a complete copy of all the bills we intend to have introduced so he can discuss them with the senators and representatives before they come to the legislative sessions. I believe this to be most important,

nesota in the sale of United States Savings Bonds.

The preparation of two amendments to our Constitution and By-laws and several important resolutions which were read to you last evening, and are to be voted on this afternoon.

The activities of the Bank Promotion Committee which will be reported to you this afternoon by Cliff Sommer which, I am sure, will mean new horizons for the banking profession in Minnesota.

The launching of the effort to remove double liability of state bank shareholders through an

amendment to the State Constitution at the November 2nd election which will be reported on this afternoon by K. O. Saitre.

The continuation of our annual Income Tax Short Course.

The taking of an active interest in federal legislation of importance to banks and in the public interest.

The early preparation of bills beneficial to banks and in the public interest to be submitted to our State Legislature in January after first being made available to the membership for their study, suggestions and approval.

The reinvestment and further in-

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and sincerely hope that it can be accomplished.

Our legislators are subject to considerable pressure from many sides when they are attending the legislative sessions and have an endless number of bills to study and become acquainted with. I am sure they will appreciate an opportunity of discussing our bills with you before they leave home, and I am sure it is obvious to everyone that such a discussion with your legislators at home will be much more effective than a last minute telephone call from you during a busy day or evening when they are in St. Paul at the session.

When these bills are sent to you, which I hope will be next month, look them over carefully and if there is anything in them that isn't suitable to you, let Floyd Larson know so your suggestions can be incorporated and bills acceptable to all of our membership submitted.

It may not be possible to completely satisfy everyone but if there is a considerable objection to any one feature of any one bill, I am sure we will be able to amend it so that it will accomplish at least what the majority desire. Then don't forget right after the November 2nd election or at least before your legislators come to St. Paul in January to be sure they understand our bills so that we can have a favorable vote if they are in agreement with us.

Our Executive Secretary, Floyd Larson, is hoping that by October or November he will be able to get out of the office more and visit with you in your banks. He has been wanting to do this ever since he became Executive Secretary. And your officers and Council of Administration agree that such business visits with member banks are most desirable. It will be extremely helpful if when he does visit your banks you can introduce him to your senator and representatives in the area so that he can become acquainted with them in a more personal way and through you in whom undoubtedly most of our legislators have great confidence and respect. This will mean much to Floyd in his contact with them during the legislative session.

I had mentioned in my last two reports to the membership my disappointment in the Council of Administration not approving the recommendation of our Building Committee that we build our own office building. I mention it again to this convention in the hope that if a sufficient number of you feel as the committee did and I do, that you will convey your thoughts and feelings to your representative on the Council, as I am sure that when it appears to them that the membership favors the building of our own office building they will reconsider the matter or at least appoint another committee to study it further. I sincerely feel it would be a forward and economical step for us to take.

Our fiscal year does not close un-

til June 30th, and as shortly thereafter as possible, in accordance with the constitution and by-laws, each member will receive a complete financial report for the year, showing our income, expenditures and our financial status. I can tell you at this time, however, that our income this year to date has been somewhat greater than a year ago, and our expenses this year have been less, and it appears they will run something like \$5,000 under our budget of \$61,170 which will be of considerable help in financing our bank program without raising any special fund.

Our reserve funds, all in U. S. Government Bonds, now total \$66,000, and we have \$32,400 of Group Insurance and Hospitalization reserve funds invested in U. S. Government Bonds. A special account is being kept of the funds raised for the Committee for Amendment No. 2.

I am sure you will agree when you receive our annual financial report that we are in good financial condition and that we have



WALLACE L. BOSS

good accounting and close supervision. Monthly financial statements are rendered to the Council of Administration throughout the year.

Before concluding my remarks I want to urge every banker in the state to give his best thought and attention to a forward-looking bank program in his community. Our competitors for the savings dollar are growing at a much faster rate than banks today and are presently obtaining 70 cents out of each savings dollar. I realize it is difficult to compete with competitors who receive favored tax treatment and your Association is taking an active part in attempting to correct this situation, but nevertheless you as individual bankers must awaken and aggressively merchandise your own services on a local level if our competitors are

not to take an even greater share of the savings dollar and attempt to make further inroads in providing services to their customers now available only from banks.

The savings and loan competition is well known to all of us and it is tremendously important that we do a better job of overcoming it, but in recent years there has arisen a threat with a potential far greater than the competition now given us by savings and loan associations. I am, as I am sure you know, referring to credit unions, to the tax-free institutions whose growth is predicted to be even far greater than savings and loan associations. It is vital that laws be enacted compelling credit unions and savings and loan associations to pay income taxes in the same manner as banks pay income taxes before it is too late.

In closing, I want to express my deep appreciation for the privilege and honor of serving as your president. I have had excellent cooperation and great help from our Executive Secretary Floyd Larson, our Assistant Secretary Florence Linden and from Pat Perl and Ruth Engler in the office. They are a loyal, capable and hardworking crew and are giving their very best efforts for our Association. It has been a pleasure too to work with Bill King and Art Arntzen, and our General Counsel Ray Julkowski, and the Council of Administration, the Committee Chairmen and the Committee Members.

I wish to express my sincere thanks and appreciation to all of them. And to my own institution and particularly to Elmer Volkenant, my associate in the Correspondent Bank Division, and Katherine Thomas my secretary, I want to express my thanks for their 100 per cent cooperation and support in all they have done to lighten my load at the bank during the past year so that I could devote a good deal of my time and thought to the affairs of the Association. They have assisted, too, in helping me with Association work as is evidenced by this Grand Convention of which Elmer is the General Chairman.

Your Association is of real service to the membership and is contributing much to the welfare of the banks in Minnesota. It is deserving of your support. Every man owes something to the upbuilding of the profession in which he is engaged. Let's all work together to keep banking in its rightful place in the financial world.

Thank you.

* * *

MR. BOSS: At this time we are going to have the American Bankers Association meeting, Clay Tillander of Little Falls who is Vice President of the American Bankers Association for the State of Minnesota will now preside over a meeting of the American Bankers Association. We will temporarily suspend our Minnesota Bankers Convention until that is concluded Clayton Tillander. (Applause).

PIONEERS AND PAST PRESIDENTS AT THEIR ANNUAL CONVENTION LUNCHEON



Election of A. B. A. Officers

MR. TILLANDER: Thank you, Wally.

As Vice President of the American Bankers Association for the State of Minnesota, I am glad to have this opportunity to report briefly on some of the activities of the American Bankers Association.

Through the various publications and bulletins and special mailings of the ABA and our State Association, you are kept informed of the many programs under way that affect your banks directly or indirectly.

I wish that each of you could get more fully acquainted with the ABA, its officers and staff members; the work being done by the hundreds of bankers throughout the country who serve on its various committees and commissions; the accomplishments of its Washington office, which distributes regularly to your State Association summaries of proposed, pending and enacted legislation.

Federal legislation continues as one of the indispensable activities of the American Bankers Association. The record of achievement is high, even though little publicity generally can be given to such activities.

For several years the ABA has been seeking legislation which would define and limit the powers of the Home Loan Bank Board with respect to authorizing branches of federal savings and loan associations to conform with the respective state laws governing the establishment of branches of state-chartered savings and loan associations.

The Senate Banking and Currency Committee, after careful consideration of this proposed legislation and amendments, reported out favorably a bill which would restrict branches of federal savings and loan associations to conform with state laws and practices governing branches of State-chartered savings and loan associations and mutual savings banks.

It has also been the aim of the ABA to put teeth into a law which would prohibit the use of banking terminology by savings and loan associations and to correct other practices to which bankers have objected. There is no question but that this has resulted in some housecleaning on the part of the Home Loan Bank Board in the form of new and strengthened regulations. Among other things, restrictions have been placed on the value of give-aways, the use of brokers in soliciting accounts, and the extent of advertising.

Notice of important legislation and legal developments is brought to member banks through direct membership mailings and through special articles and the page on "Bank Law News" in each month's Banking magazine. Other pages in Banking report each month the latest activities and developments in the fields of operations, trust services, consumer credit, housing and

mortgage credit, savings, investments, advertising and public relations. A special section includes news and articles of interest especially to the country banker.

All too few banks utilize sufficiently the tools available to them through the ABA. Many helpful guides for solving the operating problems of the smaller bank are available from the Country Bank Operations Commission. Through the use of the Commission's cost study, many bankers have been amazed to find out how much it really costs to make a loan or handle a check. With factual data of this type available, it is possible to logically establish policies and loan rates reasonable to the bank and the customer.

To enable operating men of smaller banks to perform a savings department cost analysis, complete instructions and illustrations and blank work sheets are available. A more detailed cost study, designed for larger banks with separate savings departments, is available through the ABA Savings and Mortgage Division.

Over 43,000 copies of the publication "Bank Tellers' Do's and Don'ts" have been distributed to member banks. In addition to serving as a handy reference guide for experienced tellers and officers, this booklet is proving to be an excellent aid in training inexperienced tellers.

During December of last year the Country Bank Operations Commission distributed the second of the Do & Don't series, entitled "How to Set Up An Audit Program in the Smaller Bank." This study was developed with the idea of providing the smaller bank with what might be characterized as "minimum audit requirements," and is complete with work forms so that a record of the audits performed might be maintained as a permanent part of the bank's records. The Commission is now undertaking the development of the third Do & Don't pamphlet, on the subject of "Do's & Don'ts for Bank Bookkeepers and Proof Clerks."

The Agricultural Commission, whose program also is centered on the country banker, held a highly successful national agricultural credit conference last November. This meeting—the second of its kind—brought together bankers concerned with farm credit, as well as bank agricultural representatives. The discussions centered on efforts to see that credit-worthy farmers are provided with the credit necessary for efficient production. Plans are now under way for the third such conference—to be held this fall.

The Agricultural Commission has just completed a livestock financing manual which covers in detail the financing of all types of livestock and includes credit information needed to support such loans. In the light of the current livestock



CLAYTON E. TILLANDER

situation, this publication will be a useful tool for bankers making such loans.

A new activity of the Commission this year has to do with the study of farm management work by banks. Many banks manage farms held in trust and for absentee or non-operating owners and a study will be made of this activity to assist banks in establishing farm management services.

Other projects being developed by the ABA for the benefit of its members include those of the Bank Management Commission, which are aimed to check standardization and simplification, cost accounting safe deposit procedure, banking procedure and forms, and an audit program for departmentalized banks. New projects will include bank money order procedure, a manual on special checking accounts, and a booklet on drive-in banking.

During the past two decades instalment credit has developed into a major income-producing function in many banks. In some banks the growth has been so rapid that the efficiency of operation has lagged. Inasmuch as instalment credit is a highly specialized type of banking service, it is naturally susceptible to fraud and collusion hazards not readily detected unless some means of self-examination are available. A new manual has been published by the A. B. A. Instalment Credit Commission, which will assist banks to review checks and controls necessary in this type of credit operation and to suggest controls and safeguards at various operating points.

Another interesting point which I should like to bring to your attention is the growth of the educational arm of the A. B. A. As you know, the important function of educating bank personnel is carried on through the American Institute of Banking, which now conducts its

work through 269 Chapters, 117 Study Groups, and through correspondence courses.

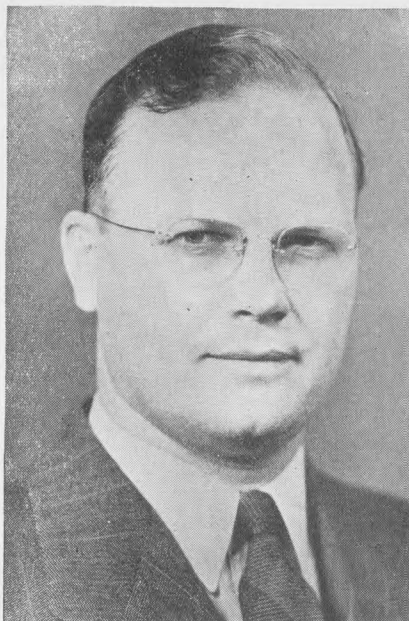
The A. I. B. reached an all-time high membership of over 103,000 on December 31, 1953. The estimated enrolment for the past year is 52,000 students. There is an increasing awareness by bankers of the importance and value of this educational program to the employee and to the bank.

It is impossible to recount in this report the accomplishments and current activities of all the departments of the American Bankers Association. I can only urge you to keep informed through the various mailings and publications sent your bank by the A. B. A. and by attending the annual convention and the special conferences whenever possible.

It gives me such satisfaction to report that in our State of Minnesota over 98 per cent of the banks are members of the American Bankers Association. Our national representation is over 98 per cent of all banks.

The success of the A. B. A. program depends largely on the continued interest of its individual members, as well as the valuable cooperation of the State Association officers.

Now, while we are gathered together, it is customary and our duty to elect a member of the Executive Council for a term of three years commencing with the organization meeting of the new Council immediately following the 1954 American Bankers Association Convention in Atlantic City. The position presently is held by Willis A. Putnam of Duluth, and we desire to elect a member of the Nominating Committee to serve at the 54th Annual Convention and, third,



GLADDEN A. REDDING

an alternate member of the Nominating Committee.

I appointed a committee some time ago which met yesterday and nominated the following persons for these posts:

For member of the Executive council for the three-year term—Wallace L. Boss, Vice President of the First National Bank of St. Paul;

For member of the Nominating Committee—G. A. Redding, President, Windom State Bank, and for alternate member—F. A. Amundson, Vice President, Midway National Bank, St. Paul.

You have heard the nominations suggested by the Committee. Are



F. A. AMUNDSON

there any further nominations from the floor?

A motion was made and seconded that we accept the recommendation of the Nominating Committee and that we cast an unanimous ballot.

Motion carried.

* * *

MR. BOSS: Thank you, Clayt.

We now have completed our own business and that of the A. B. A. for our morning session and will move on to our speakers. I am sure that each of them has an important and interesting message for us and I know you are anxious to hear them.

Our first speaker is Mr. G. Sidney Houston, Economist of the First Bank Stock Corporation for over twenty years. Mr. Houston has long been a student of taxation and is a recognized authority in that field. He is a member of the Interim Tax Study Commission created by the 1953 Legislature. There is nothing more important today than taxation and unfortunately most of us know too little about it.

It is a pleasure to present to you at this time Mr. G. Sidney Houston who will talk to us on "The Impact of State and Local Taxation on Industrialization in Minnesota."

Sidney Houston.

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The Impact of State and Local Taxation on Industrialization in Minnesota

By G. Sidney Houston



It is a great pleasure to be here. First of all, let me say that as a member of the Minnesota Interim Tax Study Commission and as an employee of the First Bank Stock Corporation, the opinions I express here to-

day are strictly my own. Any resemblance they may bear to any of the other members of the Tax Commission or First Bank Stock Corporation living or dead is purely coincidental.

As an economist I first want to make it clear I am very bullish about the outlook for the good old U. S. A. for the next 15 or 20 years. The increase in the birth rate during and after World War II already is having an important influence on our economy. As these young people grow up and become drivers of cars we will have a tremendous increase in the demand for cars and as they get still older we will have an increase in the demand for homes that will have a very important bearing on our economy. These demands for additional goods and services will have an important bearing on our economy for several years to come.

In addition to this factor in our economy we have made very rapid progress in our industrial research. We have created new and improved products for use, and in addition we have improved our methods of manufacturing and production. Yesterday's efficient tools are obsolete tomorrow. This creates a demand for new plants and new equipment that is a very vital element in keeping our economy at a high level.

Now, because of my optimism, I am going to make three forecasts only here this morning. These are of things to come. For that purpose I have selected the year 1980 which is only 26 years off. By that time the population of the United States will be in excess of 215 million people. That is an increase of 43 per cent or 65 million people over the last census in 1950.

By 1980 the average industrial worker will be employed only 35 hours per week except when overtime is necessary, and these workers in industry will buy twice as much for each hour labored as they did in 1950.

I know that some of you will say, as my associates do, that fellow has a crystal ball and he is looking at it incorrectly, and some of that is just idle dreaming on his part. Let me briefly explain to you how those forecasts have been made: Between 1920 and 1950 the popu-

lation to the United States increased by 43 per cent. Unless there is a decline in the birth rate or an important increase in the death rate we should far exceed the rate of increase in population that occurred between those years and I set that forecast only on the basis of 43 per cent. Actually, the extension of the trend now in existence will give us 220 million people by 1975.

The average work week between 1920 and 1950 declined from 46 hours to 40½ hours, not including overtime. The 35-hour forecast is merely a projection of the same trend. I would like to say in connection with that—there will or probably should come a point where the worker will decide that he would rather accelerate his standard of living than take shorter hours. If that should occur in the next 26 years you would not get that work week down to 35 hours but you would have a further acceleration of the standard of living and finally by comparing the industrial wages and consumer prices between 1920 and 1950 we find that regardless of the level of prices and wages the workers in 1950 in our factories purchased just about twice as much in goods and services as his counterpart did in 1920 for each hour of work.

Now bear in mind that this progress has been accomplished in spite of the fact that the 30 years which were there included saw the greatest economic depression in the history of this country as well as our most extensive wars.

I could make other comparisons to show that in spite of the present slowdown in business and probably some others to come this country will grow and continue to grow, and to raise its standard of living, that all is well in this country and that you can go back to your various banks and be rather confident that you can have an increasing level of deposits and depositors. But can you?

First of all and foremost, you are Minnesota bankers. Let's take a little closer look at how we are doing in this state. Between 1920 and 1950 this state gained only 25 per cent in population against the national average of 43 per cent. 48 of Minnesota's 87 counties showed less population in 1950 than they had in 1940. During that ten years 48 of our 87 counties actually lost population. Only 7 counties in this state showed an increase in population equal to or in excess of the national average. Five of those seven counties are in the Twin Cities area.

If I were to project trends in Minnesota from here to 1980 you would be very disappointed because you would find that some of

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you were definitely faced with shrinking deposits and depositors. You ask me what is wrong in Minnesota. Why are we trailing behind the national average? Minnesota was developed primarily as an agricultural area and in common with other farm states as its population had failed to be needed on the farms it has created a surplus population problem in this state. This is the result of the mechanization of our farms which has been going on all over the agricultural area.

As our sons and daughters were not needed on the farms they have migrated to our cities and insofar as they were able to obtain employment there they have remained. Otherwise, they have migrated out of the state. Between 1940 and 1953, a period of 13 years, in spite of the fact that we gained some population, 200,000 people walked out of this state and stayed out. That is a terrific economic loss to this state. If they had remained here and were earning the same rate as the average income of the average citizen of Minnesota we would have today \$300,000,000 a year additional income floating around here for you and the merchants in this state to obtain benefits from.

Surplus labor has a tendency to keep the state income below the national average. It is clearly evident that Minnesota does not have sufficient jobs to offer its citizens, otherwise they would not leave the state. The only way you can provide jobs for those people is to increase manufacturing employment. When a state has a surplus population it can export its citizens, which Minnesota has been doing, or it can produce goods or goods and services within this state which are sold outside its borders and then, of course, it retains that population and it ceases to be surplus.

It is very fortunate indeed for this state the Twin Cities area contains some companies of national stature which were fast growing during the past 12 or 14 years and that they were able to materially increase employment in this Twin City area. 92 per cent of all of the gain in population in Minnesota between 1940 and 1950 is concentrated in the Twin City metropolitan area.

It is also true that we gained some population through the opening of branch plants by concerns from without this state, but most of the branch plants that were opened in this state came here to supply our local market.

Just by way of a quick illustration, the Continental Can Company opened a nice plant in Mankato giving employment to some two or three hundred people there but the products of that plant are not essentially for export. They are for distribution to the Minnesota canning plants and I will grant that eventually those tin cans in large measure will leave Minnesota.

But that is not what we are talking about. What we want are plants like our present large employers here that are shipping

goods all over the country. How many of those have we got? Well, I won't take the time because I am limited here but there are only 3 or 4 that have been established in this state in the last 14 years. Why? With the tremendous expansion of industry all over the United States and the tremendous number of branch plants, why has Minnesota been by-passed? You will get various answers to that question—labor disturbances, climate, distance from raw materials and distance from markets, which, summing it up finally, means transportation costs are high.

There is no question but what Minnesota is disadvantageously located geographically, because our freight rates are in some measure a hindrance to our shipping all over the country. We have to make light materials, light products in relation to their price. You can't make freight car wheels and ship them all over the country. I would say that our freight rates are a detriment to our state development but are they the primary barrier? Are they an absolute stone wall over which no business can be done?

I think I would conclude that was the principal difficulty under which Minnesota is suffering were it not for the fact that if we just look across this invisible line at the southern border of Minnesota into Iowa we find that since the end of World War II things have been happening in that state. So the question arises, are freight rates to Mason City so much lower than they are to Albert Lea and Austin that business will move its industrial plants into northern Iowa but will not come into southern Minnesota? That doesn't make sense to me.

You say to me, what has Iowa done? Well, they have a long list; they claim 800 new companies have come into that state since the end of the war, some of which, however, can be paralleled in Minnesota but they have an impressive record of branch plants by national concerns, starting with a 75 million dollar plant of the Aluminum Company at Duddendorf outside Davenport to which the Aluminum Company is adding a five million dollar plant. They have two jet engine plants of the Solar Aircraft Company, a San Diego outfit, at Des Moines. They have a radio tube plant of Sylvania Electric at Burlington, a dry battery plant of National Carbon Company at Red Oak and a large cellophane plant, a DuPont plant at Clinton. That is the type of plant we want in Minnesota, but where are they?

A number of your industrial leaders in this state have for some time pointed the finger at Minnesota taxation as the greatest barrier to industrial development within this state. They have been a lone boy crying in the wilderness. They are almost in that category today. I know. I am going around this state trying to arouse its citizens to do something about this. Do we want to have the tax burden heavier on you and me, because that is

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the ultimate answer if we let these people continue to go out of this state.

When you take 200,000 people out of here in 13 years, those people would all be here paying taxes and lightening the burden on you and me if they had not left. In addition, you would have large industrial plants against which taxes could be levied, but we have none of that.

Orlin Folwick of the American Federation of Labor and I made a trip around and talked to some of these big industrial companies who are opening these plans and they said "Phoeeey to Minnesota. We are not going in there against that tax structure." They weren't gentlemen about it. They said it in distinctly ungentlemanly language. Their attack is not against the administration of our laws but against the laws themselves.

The time will not permit a review of the Minnesota tax structure. It is a long, tedious job to review that tax structure, and that

is what this commission is trying to do, but we find that the citizens in general have a sort of apathy toward this thing. They say, what can we do?

I am accused of being a great advocate of the sales tax. I have not advocated a sales tax nor am I wanting any of you to imply from what I am saying that I am advocating a sales tax. I say to you that could be one solution. I am not saying that you and I as citizens of this state should pay more in direct taxation. We are paying gobs of taxes now in indirect taxation. We tax business and business turns around and passes it along to you and me in the sales price of what we buy. If that isn't a sales tax I don't know what you call it, but in my language it is just a hidden sales tax. Now you can have what you want in this state. If you say you want it then I am wasting my time. I am still hopeful, however, that the citizens of this state will do something about this.

In conclusion, I want particular-

Congratulations To Our M.B.A.

... and its efficient handling of the problems of the bankers of Minnesota. We want to give our pat on the back, also, to the fine staff that makes this efficiency possible.

FARMERS STATE BANK of RAYMOND RAYMOND, MINNESOTA

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ly to address myself to the bankers who are here from outside the Twin Cities. The Twin Cities are doing all right. We are growing faster than the national average. We have almost too much industry for our own good health. We can't get our automobiles around on the streets now. These big branch plants don't do much to help large centers where they need specially skilled labor.

You notice the only plant I mentioned of that type went to Des Moines, which is about the size of St. Paul and that was the Solar Aircraft. Why? Because they require the service of a large number of skilled tool makers and die

makers. Those are jet engines they are making, so they move in near the large centers of population because the small towns do not have that pool of skilled labor, but the great majority of the branch plants that have been opened in the United States since the end of World War II have gone into the small towns.

Obviously you can see the answer. It protects them against atomic bombs or bombs of any kind. They get into the smaller centers. That was the cry of business and I don't think we are done with it yet. There is more of that to come. The cities of from five to 25 thousand have been the great beneficiaries

of this industrial diversification program that has been going on in the United States since the end of World War II.

As a member of this Tax Study Commission, I am again repeating that I am not making any recommendation to you at this time as to a solution of this problem. Our collective recommendation will be in the Governor's hands, I hope, as required by law on December 1st. All I am saying to you is that you have an important position in your community. You do a lot of the moulding of thought in your various communities. You can get this program, this problem, before a number of thinkers in your community. You don't have to go out and talk to the 787½ people in your community. What you have to do is to get the program across to the leaders of thought, the people that the other people will consult to think along this line, that something should be done by the next legislature to get Minnesota back on the track.

Wouldn't it be better if the citizens of this state even if we have to pay a little more in taxes directly would take a broad view of what is best for the future of Minnesota and then we all work together so that we can have enough jobs in this state so that our sons and daughters don't have to forever go outside the state to seek employment and Minnesota will become a better place in which to live and work.

Thank you very much.
(Applause)

* * *

MR. BOSS: Thank you very much, Syd. I am sure you all appreciate what an important problem this is, not only to you as bankers but to the entire state, and I hope that you will accept the challenge Mr. Houston has laid out today, and let's do something about it in our local communities.

Our next speaker some of you heard this morning at the Agricultural Breakfast where he talked on the "Economic Climate for Agriculture," and he did a marvellous job. Knowing something about how difficult it is to get some of you bankers up in the morning, when you are attending conventions especially, we realized that until the Agricultural Breakfast was an established part of the program the crowd would be a bit slim, and so we have asked Dr. Butz if he would be willing to talk again at our regular session this morning so he would reach a larger number than at the Agricultural Breakfast.

We found him most cooperative and, as a matter of fact, he said, "Why, it is nothing for a professor to have five or six classes a day, and it won't be any more effort to give them another speech.

He did feel, however, he ought to select another subject, and this time he is going to talk on another subject, "Horizons Beyond the Line Fence." Dr. Butz, head of the Agricultural Department of Purdue University. (Applause)

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Horizons Beyond the Line Fence

By Dr. Earl L. Butz

NOTHING flatters a college professor like being asked back to the scene of his carnage, to repeat again. Your students have no choice. They have come to your classes, but you fellows didn't have to have me here. Just to know how many were here this morning, let me see your hands. Well, that is more than the usual number I flunk.

I am happy again to have a chance again to discuss some of the things close to my heart. One never knows how a talk is going to go across, particularly the second time you are here. You get various reactions from these things. The other day I was out in Indiana talking to a farm group at a dinner meeting, and after dinner they were clearing away the dishes, and a chap sitting right down in front of me was trying to adjust his ear phone, and some people were coming by making a few comments, and this boy said, "Dr. Butz, I had some difficulty in hearing what you had to say," and I said, "Don't feel too badly about that. I didn't say anything very important anyway," and he said, "That is what everybody told me."

That sort of took me for a little loss, and when I had recovered my composure a bit, some more people passed by, and a 12-year old youngster came up to me and said, "Mr. Butz, that was a hell of a lousy speech you made tonight." That did set me back, to have a youngster say that to me.

And then a chap who knew me and knew the youngster, and thought he had better cover up in some way came up to me and said, "Mr. Butz, don't feel badly about the remarks that young man made.

He is just a half-wit. He just repeats what he hears other people say."

I frequently appear before bankers groups. I think this is the 29th state since the war in which I have addressed state or regional bankers. I never feel quite at home among bankers. I am not used to dealing with the astronomical sums you fellows talk about so casually. You have a \$10,000,000 bank, a \$75,000 capital structure, etc. I am not used to that kind of language.

I am something like the sixth grader in my home town. The other day he came home from school, and he had obviously been in some kind of difficulty with his teacher. As he crossed the door, his mother asked him "What is the trouble today, Johnnie?" He said, "Nothing much, Mother." She said "I wish you would tell me, Johnnie." He said, "No, mother, I will discuss it with dad when he comes home tonight." When his dad came home that night his mother met him at the door and said "Johnnie had some difficulty with his teacher today. I wish you would discuss it with him as tactfully as you can." So dad sat down with Johnnie and said, "What was the trouble today, Johnnie?" "You know we have no secrets, I won't get angry if you tell me." So Johnnie said, "Well, do you recall a couple of nights ago when I asked you how much \$10,000 was?" His dad said "Yes, why?" Johnnie said, "Well, the right answer is not "A hell of a lot." That is the way I am.

I do welcome the opportunity of appearing before bankers these days because I know of no group who can do a better job of influencing sound thinking and con-

structing public opinion at the grass roots of American than our country bankers because even in the Twin Cities they have to be essentially country bankers because this is just an overgrown country town.

I think there is no group in America that has made a comeback in the public minds and has gained the good will of the public so rapidly as has the banking fraternity in the last two decades. Twenty-one years ago this spring chartered banking in America was almost at an all time low. We just had closed all of the banks. Many banks never reopened. Many people lost their savings of a lifetime. Your bank had participated in some foreclosures on homes and farms, not through any fault of your own, it was involuntary on your part, but the public didn't understand that. We had a new administration in Washington which made considerable political capital out of moving the capital from Wall Street to Pennsylvania Avenue, which made considerable political capital out of moving the money changers from the temple.

In the short space of two decades chartered banking in America has made a remarkable comeback to the point where the progressive country bankers in all states of America occupy what I consider to be the No. 1 spot in their communities. They are the ones to whom a large number of citizens come for advice on a variety of subjects entirely outside the financial field. I think they have displaced the physician and the minister as the No. 1 citizens. They are now the ones to whom a wide variety of citizens come for advice on a wide range of questions, entirely outside the financial field, so that I think there is no group in America today which can exert so profound an influence for constructive thinking in our local communities as the

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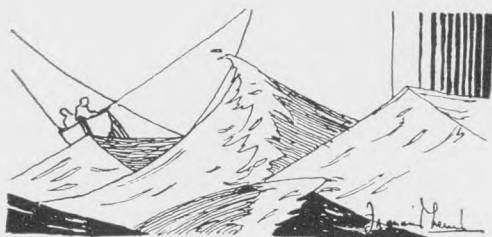
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country bankers of America.

Now, I want to discuss with you a few concepts in the next 25 minutes I have here about the future of America. The title listed here on your program is "Horizons Beyond the Line Fence." I think if I were to ask each of you to outline a talk you might give on this subject I would get 250 different outlines from this group this morning, so that gives me a lot of latitude in what I want to talk about. I have a notation here "You have got to have a dream." That is the same thought, you see.

A while ago a Chamber of Commerce group in southern Indiana wrote me, saying they would like to have me give a talk to their group and would I suggest a title. Well, I just had one thought but suggested four titles under which I could speak. They must have considered this very seriously because in two weeks they wrote back saying "We have considered this at great length and we would like to have you discuss subject No. 2." So I gave my talk under subject No. 2. It must have gone across all right because in a short time I received another letter from these people, saying "We liked your talk, and would like now to have you give us one on subject No. 4."

I borrowed the title from a song in the stage play "South Pacific" which has been going around the country in recent years. Many of you have seen that stage play. The author of the play wrote a song—"How are you going to have your dream come true—you have got to have a dream if you are going to have your dream come true."

There are in America today entirely too many people who complain that their dream doesn't come true, when they have never taken the time to have a dream. There are people in America today who never took the time or energy to have a dream, but, on the other hand, there are people who continue to have dreams. They are the ones who have built the banks, the universities and other great institutions. It will be people who continue to have dreams, who have the courage to try and put their dreams into realities who will continue to build a bigger and better America. They will be bankers who have dreams and the courage to underwrite others with dreams who will continue to grow and create a vigorous America.

That is what I want to discuss with you for some minutes as we go along together. I want you to remember that I think the most constant thing in 1954 in American society is change. The most constant law we have is the law of change. I am convinced if I am convinced of anything that today is different from yesterday and tomorrow will be different from today.

I hope it will be different in a better way. I am pretty sure it will be. If it is not you and I will be responsible because that is where this tremendous responsibility lies, you see. Some day, if I live long enough, I will promulgate an eco-

conomic law. I will call it the Butz Law of Economics. Everyone should have a law named after him. I am going to paraphrase it with an old law of biology called "The Survival of the Fittest" which, you all know, applies to the survival of only the hardiest plants and animals in this country and climate, and apply it to this competitive environment. I am going to call it "Adapt or Die." Some individuals and institutions can adapt to this environment and some can't. They wither and die.

I think one of the best illustrations of that is down in my own Hoosier State where there is a corporation which last year celebrated its centennial. It is the Studebaker Corporation, which is now 101 years old. It is 101 years old this year and has been engaged in the wheel business, the transportation business all this time. When I was a youngster on a farm in north-eastern Indiana I rode to high school in a horse and buggy. It was a Studebaker buggy, one that Dad used in his courtship, I presume, made by the Studebaker Company at South Bend. As I recall it, he had a couple of wagons on his farm made by the Studebaker Corporation. Somebody in the Studebaker Corporation decided the automobile was here to stay.

If they wanted to stay in the wheel business they would have to change somewhat the kind of product they make, and they did so and stayed in business and prospered. They are in difficulties now but will get out of that some of these days. They are still in business, in the wheel business, you see.

There were some other buggy manufacturers 40 years ago back in Indiana who decided the automobile was a passing fancy. They said "We will have nothing to do with this new fangled gadget. The foolish people will soon come back to the fundamental concept of transportation. We will stick with the same kind of product and markets our fathers and grandfathers had." I don't recall the names of those buggy manufacturers. They have long since passed out of business. You see they didn't adapt, they died.

Therefore, I want you to ask yourselves this question, each one of you, about yourselves and about your business. I want you to ask yourselves: "Am I changing and are the organizations I represent changing, so that I may make a maximum contribution to the changing environment in which I live? Or do I cling to a dead set of economic concepts which are no longer applicable in 1954 and 1964?"

Ask yourself that question. Don't criticize your neighbor or your neighbor bank. Ask yourself about you. Apropos of talking of our neighbors reminds me of what a good friend of mine, a Catholic priest, recently told me. He said his parishioners in the confessional booth took more pleasure in confessing about their neighbors' sins

than their own. I think there is some of that in all of us, you know.

Before this week closes, when you get home some night, I want you to go back in your room, put your feet on your desk, and have your wife go in the front room so she won't bother you, and ask yourself that question for five minutes: "Am I changing, and are the organizations I represent changing, so as to make a maximum contribution to this dynamic America in which I live?" I think you ought to ask yourselves that question every week.

You and I are living in the most interesting and challenging times in the history of mankind. We live in an era of the greatest scientific and technological changes of all times. It is a marvelous time to be living on the face of this earth. If you were to put down the full recorded history of man going back to the story of Adam and Eve some six thousand years ago and bringing it down to 1854, 100 years ago, the hands of the clock would rest at 15 minutes to midnight. That last 15 minutes would be the last 100 years in the recorded history of man on this earth.

The marvelous thing about the last 15 minutes is that in this great land of America in this last 15 minutes we have made more progress in production than in the whole previous 11 hours and 45 minutes. It is a perfectly marvelous thing when we stop and think about it. Something has happened in that last 15 minutes in this environment in which we live in America. It permitted man to unlock the secrets that God locked into the Universe and put them to a useful purpose to a much greater extent than our forefathers did in all the recorded history before us.

After all, our forefathers generations ago had the same resources, the same land, the same climate, the same skull capacity, the same brain capacity, the same electricity, the same nuclear energy which is going to run the motors in your automobiles and your homes even more modern tomorrow. They had the same nuclear energy we have had only a decade, you see.

I say it is a marvelous time for you and I to live on the face of the earth. Let me give you an agricultural illustration here. Let us assume you are a good Egyptian farmer in ancient Egypt in the days of Moses many centuries before Christ. You were a good farmer and you died.

Let us bring you back to life and put you on an Italian farm in Caesar's time some four centuries later. You could still run that Italian farm with no instructions except from Egypt because the art of agriculture had not changed nor had anything else, and civilization sat still.

Let's bring you back to earth on an English farm in Shakespeare's time, just 400 years ago. England was then the center of civilization. You could still run that English farm in the same manner. But why go that far back?

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son's farm in eastern Virginia just a century and a half ago in America. You would have run Thomas Jefferson's farm with no additional instructions than from ancient Egypt. Agriculture hadn't changed, the art of masonry hadn't changed, engineering hadn't changed, medicine hadn't changed. We just recently came out of the blood letting stage. The art of dentistry hadn't changed. In my recent contact with the dentist I don't believe it has changed yet. We stood still through those centuries, you see.

But let's drop that ancient Egyptian on a good Minnesota farm today. He would be a lost soul. He wouldn't recognize the west end of a tractor out there. He would raise the cry of witchcraft at all of the electrical equipment now used on the farm. You wouldn't dare turn him loose on a Minnesota farm today without long years of apprenticeship and instruction, because of all of these scientific and technological changes, just like every other job in Minnesota, you see.

If you go down south of the Rio Grande River in the country right below us here, with virtually the same resources, farmers and opportunities, the ancient Egyptian farmer wouldn't be doing a bad job down there right today.

This thing hasn't happened all over the world. It has happened here. Something has happened in America to make that possible just in the last 15 years. Since before World War II in America we have increased our agricultural output by 45 per cent, steel production capacity more than 40 per cent. We have doubled our electric power production capacity. We are just entering on this uncharted field of nuclear energy. Just look at all these ingredients we have in America which parallel production and prosperity and therefore peace, because production and power parallel each other in the modern world and promote peace.

If, somehow, in America we could bring ourselves to the point where we could achieve this tremendously high standard of living of which we are capable rather than holding a knife at each other's throats the way we still do in America, economic group against economic group, geographic group against geographic group, political group against political group, labor against capital, against management, etc.

If, somehow, we could bring ourselves in America to the tremendous potentiality right in our homes we might begin to cooperate to achieve the high standards of life which could be ours and the peaceful existence that could be ours in this world.

I must move on a little bit. I want to dream with you a little bit about the next generation. My time is slipping rapidly. I would like to dream a little bit about the next generation. I just said we live in an era of the most rapid and scientific and technological changes of all times. We are not even in the middle of it yet. There are too many

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people who look at America as a mature organization. They have been a little distressed about the little economic reaction that we have been experiencing the last six or eight months, but that is not serious because you heard me say this morning 1954 is going to be the second biggest year in the history of America in sums of our total production. And the second biggest year in my book in America is a long, long way from very seriously depressed conditions in this country of ours.

It is pretty good by any standard you want to compare it with, and by 1955 I think we are going to be on the way again and exceed the high record reached in 1953. We are growing rapidly. Only our geographic frontier in America is gone.

One hundred years ago today Horace Greeley was writing in the New York Tribune, saying "Go West, Young Man, Go West." But you can't go west any more. The free land is all gone. The new frontier in America is the scientific frontier. The scientific frontier is being explored by your own great university here in St. Paul and Minneapolis and by other universities and research laboratories around the country.

The marvelous thing about the scientific frontier is that it has no limit. The frontier of science is limited only by the minds and the imagination of man, and this is the time in America when the minds of men are free to dream a little bit.

There is a tremendous potential growth era ahead in America in areas that you and I have not yet dreamed of. The next generation ahead is going to be dominated by brains instead of brawn, a generation in which man will direct power rather than supplying power. We are going to use more capital for industry and more capital per worker, and you, as bankers of Minnesota, are going to be called upon to finance this rapidly growing America.

You are going to be the personnel director of your community. You are going to decide which young men have the brains and managerial capacity to ride herd upon this new industry and this new agriculture, and you are going to underwrite him with your capital. You have got to do it. Because if you don't somebody else is going to. And you know what that somebody else is going to be—it is going to be the government and I hope the government doesn't do it simply by default.

A marvelous opportunity is before you bankers in America. You are going to have a ringside seat at the most interesting breathtaking experiences in the history of America, it seems to me.

I want to dream with you now on a couple of items and then I am through. It is not going to be exclusively a bed of roses. There will be some failures and heartaches, but I am talking now on the dreamy side, and I want you all to have this dream occasionally—

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just let's dream in a couple of areas, let's dream in the area of agricultural production once.

You know the sun is the source of all energy for the earth, for coal, for water, even nuclear energy is stored up sunshine. I got to wondering how efficient we are in capturing the sunshine that comes to us on this earth.

I called up a friend of mine at Purdue, a professor of thermodynamics. I don't know what thermodynamics means. Somebody told me it means if you want to push something you have to be moving faster than it is. A lot of people are trying to push that aren't going that fast, I know.

I called up my friend and said "Give me some idea how much energy falls from the sun each day on an acre of land in this latitude." He just made a quick calculation and said, "Well about the equivalent of five tons of coal." Well, I knew roughly how much five tons of coal were.

I said, "Now, let's assume I have

some good land down here that will produce about the equivalent of 80 bushels of corn per acre." That is pretty good land you know, and I said, "How much is that area equivalent to?" And he said "About five tons of coal."

Then I had something, I could get hold of in my rather simple mind. That we have learned that in our best agricultural progress in scientific America how to capture in one year as much energy as God pours on our acres every day, and we think we are doing pretty well.

As a matter of fact, we are highly inefficient. Just let your minds dream in that area for a minute. If some of these days we learn how to double our production per acre we will still only be getting a 1/180th part of the energy God pours on that acre every day. Think what that will mean in terms of low unit cost of production, in terms of capital requirements, in terms of developing a peaceful world.

And then there is another area

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to dream for a moment, the area of power and energy. You know the history of our rise and standard of living in America is the simple history of each worker controlling more and more energy.

Think of the formation that has happened in your lifetime. When you were youngsters back on the farms in Minnesota or Iowa or Wisconsin or wherever you came from, how you used to go out and hoe the corn, and had a hoe in your hand and how limited were your opportunities for you to produce when you were using human power and think now of how much power the farmers in your community direct per man.

The same thing has happened in industry and transportation and commerce, less than a decade ago nuclear age was formed in America. Very few of us can even begin to appreciate the potentialities there.

A few months ago our president at Purdue University, a great Minnesotan, Fred Hovde, who incidentally is doing a marvelous job with us there, went down to New Mexico to the atomic bomb demonstration down there. I was working one morning shortly after he returned and he said, "We stood eight miles back from the explosion and the force of the explosion shattered the windows in our bus and blew the hats off our heads."

I said, "It must have been a large bomb." "Yes, one of the larger ones, about three feet across." I said, "I can't comprehend so much energy packed in so small a space, and going out in all directions eight miles away it shatters the windows in your bus." "Yes," he said, "that's hard to comprehend but this is what I brought back," he said, and he's a pretty good scientist in his own right, but a scientist there told him that if we could have 10 war-free years we will have available in this country as much nuclear energy as we now have available from our coal and from our petroleum and from our water power.

Let your mind dream on that just a minute now. You see they are talking with a professor of physics of Purdue working with nuclear energy. He said, "We now have enough known uranium de-

posits in this country to exceed a potential energy of known deposits of coal, and petroleum and water power."

Yesterday they were talking a lot about uranium stock out there. Let your mind dream on that for a moment. If they are only one-fourth right it means that in 1964 the whole economy of 1954 is obsolete. If they are only one-fourth right there will be a tremendous job ahead in retooling and repowering the whole American society. It will put the automobile boom of 1920's to shame. It will call for capital on unprecedented scales.

If they are only one-fourth right it means the railroads and the big locomotives that pull the trains through St. Paul will be retired for obsolescence before 10 years pass because it will cost too much to operate. If they are only one-fourth right it means before I die I'll buy an automobile with enough power locked in it to last until the bearings wear out.

Impossible, some of my business friends say, but I am so dumb I don't know it's impossible. Working with people with young brains as I did in one of America's great universities I know that some of these days some young man is going to learn how to do that because it's that kind of America in which we live.

Well, I ask you to dream a little bit about that, but I want to bring you back now in closing where I came in a few moments ago. You are going to ask yourselves before this week closes, "Am I changing and are the organizations I represent changing so that I and my organization can make a maximum contribution in this changing America, in this growing dynamic America in which I live? Am I going to grow and serve with it? Am I going to dream a little bit and take a chance with it, or am I going to become a resident in time?"

There are so many people in America who try to be residents in time as well as in geography. Be a transient in time until you hit the undertaker. He will make you a resident in time in plenty of time to reside in time. Don't let the intellectual concrete set too early or

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1. For those who couldn't get seats at the business sessions there were tables at the back of the Continental Ballroom where one could still see and hear with ease.

2. A head table's eye view of the many bankers and their guests who staged it at Monday night's dinner in the Hotel St. Paul ballroom.

3. WCCO Radio Announcer Jack Huston interviews R. M. Peterson, president State Bank of Cokato, on his maple

syrup hobby in preparation for Commercial West's first radio program that evening.

4. Bluebeards? No . . . left to right, they are R. S. Skelton, Farmers & Merchants State Bank, Hinkley, and Leonard D. Skaalen, cashier First National Bank, Rushford, comparing hirsute adornments grown in anticipation of their respective community's coming anniversary celebrations.

Why I Am An American

By. Dr. R. C. S. Young

too hard. It has a tendency to set too early and too hard. It is easy for intellectual rigor mortis to set in. One of the dangerous things about that is that we don't know what happens because it is not painful like the joint getting stiff in your elbow gets painful and the joint in your mind gets stiff and you don't notice it—it's rather pleasant you see. Don't let that happen to your bank.

You and I are living in an era of latest scientific and technological change of all time and the best is yet ahead because we now devote so much of our energy to research, to science and to technological investigation and discovery.

My life insurance company gives me yet 28 years to live. I hope they are wrong but I know the figures are stacked against me on it. I confidently expect those 28 years to be 28 of the most interesting, the most stimulating, the most challenging, the most rewarding years in the history of America.

I think if the Lord had given me my choice of all time I might spend my last 28 years on earth, that little speck of eternity that I have to spend here I think I would start from this 15th day of June, 1954. I am going to have a lot of fun growing and building and dreaming in this still young and vigorous America. I hope every one of you can see the same kind of personal challenge for yourself in your years ahead.

MR. BOSS: Thank you very much, Dr. Butz. I am sure that if you had speech No. 3 and No. 4 ready we would be ready to hear them. It has been very impressive listening to you this morning at breakfast and again this morning at this session.

* * *

We have one more speaker with us this morning, and before I introduce him I would like to say this, that he has just hustled in here and is hustling out again today. He has come a long way and has an important message for us. Last fall at the American Bankers Association Convention in Washington those who attended the National Bank Division proclaimed that Dr. Young gave the finest talk at the convention.

I did not have the good fortune of hearing him but, after hearing so many others comment upon him, Floyd and I thought he ought to be heard by all of our Minnesota bankers, so we have invited him to be here.

Dr. Young was born in Scotland, and at the age of 16 entered World War I by enlisting in the Scottish Highlanders and got a commission in the British Air Corps. After the war he came to America and graduated from Mercer University in the United States. For some years he has been Professor of Philosophy at the Atlanta Division of the University of Georgia, and today he is going to tell us "Why I am an American."

Dr. Young.



MR. PRESIDENT and members of the Minnesota Bankers Association. I am very happy to be here. I attended the sessions last night and enjoyed them very much indeed. I attended the morning sessions and I enjoyed them.

This is my second visit to Minnesota and I think you have a very wonderful state indeed. I notice that you advertise it is the State with Ten Thousand Lakes. Over in our part of the country, as it is in the Southwest, there seems to be a great shortage of water, interfering with the economic progress of those states where the shortages occur. It seems to me you have a very bright outlook in Minnesota along that line.

I am thinking of a meeting I attended recently where there were men from many different universities and one was from Texas. He was speaking about Texas and about its future, and he closed his remarks by this typical statement. He says all that Texas needs in the future is more good people and more water, and a friend of mine stood up and said, "That is all Hell needs." I wouldn't tell that in Texas.

Now I am very glad to be with you because my task is different from those who have come before. Their purpose is to enlighten you and to inform you. Mine is the simple one of trying to inspire you to follow in the direction which they have indicated we should all travel.

I do that under the simple title of "Why I am an American." That may sound a little presumptuous for me to come to an American audience and relate to them the story of their nation but as I go along you will see I have no purpose towards informing you or telling you anything you do not already know. All I hope to accomplish is to remind you of some things I think you should not forget.

It is so easy for us to forget those things which we have in such abundance in America, and that is what those of us who come from another country with another culture and another set to the mind discover when they learn the differences that exist, and as we learn to live in this country the marvelous opportunities tend to increase in strength every day we live them.

The immigrant is the dreamer. He is not the one who sits down because he sees in everyday American life the very opportunities so many Americans overlook because they are so ready to hand. They

are so familiar that they become rather common. That is why in recent years we have been victimized by the social architects, those who would change the basic principles of American living. I have no objection to changing our position but I am very much opposed to a change in fundamental principles that affect the dignity of man and the welfare of our country as a whole.

Look what has been happening in the last few years—they have affected the fundamental concepts of work, of learning and of citizenship responsibility and those are toying with the fundamental nature of the American man.

Your president told you I was from Scotland and I am very happy that he didn't tell you any jokes about the Scotch. Everywhere I go I have to defend a condition which actually doesn't exist. They are not stingy. They are only conservative.

Now what I mean by that is readily recognized. For instance—I usually speak at the closing session when people start moving out, you know, and you wonder if there is going to be anyone left. Incidentally that happened to me in Washington, and I wasn't disturbed, not the least bit, because those who left didn't know I was being paid and part of their money was paying me, but they didn't know it so they just got up and left and I always console myself with the thought that those who remain have a fundamental streak of Scotch in them and I am addressing a Scotch group because you know you can always tell an American when the train pulls in. Before it even gets to the station he gets off.

The Englishman, of course, waits for the train to stop, then with typical English mannerisms he picks up his hat, his brief case and his umbrella and moves off in a dignified manner. You can always tell a Scot when he arrives because he is the last one to leave. He waits to see if anybody left anything. So when I see those who hang around. I am always sure I have an appreciative audience, but somehow or other this idea about the Scotch was circulated and it started away back yonder a few years ago when they decided to bring attention to Scotland.

You know Adam Smith's son—that's as far from some people today as to talk about Socrates—anyhow, Adam Smith said that there was a little Scotchman in everyone but the brewing industry decided it better to leave off the man and just insert the Scotch so they started to popularize the idea and they got together and published these stories which they borrowed from another race and sent them all over the world that everybody throughout the world might laugh at our expense. It never costs us anything

and unfortunately the people of the world believe this and so from that day to this wherever I go I have to defend my native land.

There is one thing your president left out which I always insist should be put in and this is, during the Second World War I served in the Treasury Department of the United States for \$1.00 a year. Now you can believe that if you want to. That's very hard, I know, but that's the hardest thing you have to think about this morning.

I listened to the introductions of the speakers, especially to my own, because I wrote it, and I remember that the banker we had at home, a little country banker, and he had written about a boy who wanted to start in a bank and he got a marvelous letter all about the boy's background, the parents, the grandparents and what a marvelous young man he was. Wonderfully built and everything, and he had a fine education and all the graces and a great deal of culture. The old banker wrote his friend and said, "I got your letter, you must have misunderstood me, we just wanted a boy to work in the bank, we didn't want him for breeding purposes."

I am really out here just to speak to you and not to try to inoculate you with any Scotch temperament. I am quite sure the bankers have enough of that already.

They had a young boy at home from Scotland who came to America. His father was a banker and his older brother was a banker (this is the only banking joke I know that's Scotch). He borrowed the money from his brother, not from the bank. It was a personal loan.

He came to this country, stayed a dozen years or more and made a lot of money, went home and thought he had better settle up with his bigger brother. Meantime the father had died and the older boy was now the president of the bank so the young American Scotchman goes in to see his older brother and said, "I want to settle up with you about that loan I got." Well he said, "There it is."

He figured it up and the young boy looked at it and he said, "Look, brother, you're charging me 9 per cent for that money." "Well," he said, "That's all right," "But I thought 6 was good." The older brother said, "Oh no, if you made that much money 9 is all right." The older brother said, "Now I think that's a fair think—that's the way our father brought us up." The younger brother said, "Now look, since you brought our Dad into this, what's he going to think when he looks down from heaven and sees that 9, you charging me 9." The older brother said, "Now, Sandy, just don't worry about that. From where Papa is looking it will look like a 6." Please don't think I'm condemning you, it's all a point of view.

This Americanism is a point of view. I wonder sometimes just what's going on in the thinking of the young man that's going to live in 1960 and 1975 and be conducting the business of this country. I

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want to tell you why I came to America and that will give you some idea as to what I found when I came here. I don't want you to see me particularly. I want you to see America as I found it.

Well, one night in 1917 I came home from France on leave with four other Scotch boys. We had to spend the night in London, take the train out the next morning to Edinburgh. We decided to go up town and look for a show and we did and we saw an American show billed. Houdini was the center of attraction.

Well, we got a front seat—that's the most expensive seat in the house. Of course I know you think even Scotchmen can get desperate in the face of death, but that isn't the real reason you'll see in a moment. We bought the front seats, got right down and we lost everything on Houdini, he was too rapid; but on that program that night there were a young American girl and boy with a guitar and mandolin. They were singing this song — "Everything is Peaches Down in Georgia." I thought I had never heard anything like it in my life. I didn't know what Georgia was, I didn't know what peaches were. I had never even seen a picture of it but I had a dream.

We brought that couple back with the help of the audience nine times and by that time we had learned that song. That's a good Scotch custom. I sat there that

night as a kid of 17 and I said, "Peaches, I don't know what they are, but if they are anything like I see up there I want to live to see more of it—if I ever get out of this war alive I am going to look for peaches in Georgia."

Now you are looking at a man who followed a rainbow and found a great deal more at the end of it than he ever dreamed possible that night.

The war was over and I was back at home in Edinburgh and one night I was in the theatre and by that time the Americans had become very popular and the young girl was singing this song, "When the Sun Goes Down in Dixie and the Moon Begins to Rise, That's the Only Time in Dixie When the Darkies Have a Time," and they brought them back that night until we were all singing it with her, you know. A wonderful custom. I taught my baby girl both of these songs, I think it cost me about 10 cents apiece, 15 cents maybe.

Oh yes, I dreamed a dream but I didn't let it die. I dreamed of Georgia and Dixie and I didn't know where either one was except it must be in the States and I had met the American soldier and I had been thrilled with his sense of freedom. His desire to get something done, to get through with it.

They said to us—they called us Jock instead of Scotchmen—"Jock, how far is it to Berlin?" That was as far away as the United States—

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I had never thought about that. All I worried about was how far I was from home. We thought we would never get to Berlin but those Americans came over to go there, you know. Such a different attitude and I was impressed.

You say, "How can anyone be that dumb that they didn't know where Georgia and Dixie were." Well we did study British history but when they got to that point where the Americans got out of hand we just turned over the chapter as it were and didn't read any more about it, and so it is quite understandable that I didn't know anything about this place but I wanted to go.

I really did, and then guess what happened. I was then attached to the Intelligence Department at Edinburgh and the inspector called me one day and told me I had to go to Ireland. Ireland, dear old Eire. They were having a little trouble he called it. They finally blew the Empire up but, anyhow, that is what they called a little Irish trouble.

And I said, "Do I carry a gun." He said, "Oh no, you don't carry a gun, those are British subjects." I said, "I know, but they are Irish."

I said, "If those Irishmen have a gun, I've got to have a gun too." He said, "Oh no," and I said, "Look Inspector, I've been wanting to go abroad anyhow; I'd just as soon resign now, I just want to go abroad." He said, "Fine, have you heard about our program?" I said, "No I haven't."

And he outlined a marvelous program that they had for the ex-soldier and I looked it over and went downstairs in the government office and in less than 15 minutes I had a free ticket all the way to Australia. First I asked him if I could go to the States and he said, "No, just anywhere in the United Kingdom. You want to go for nothing." What a temptation.

Now listen, you know that Scotchman who came to Chicago during the World Fair and saw that big sign out in front, "Gratis" all the people rushing in and he didn't know what it meant so he went back to his room and three days later the landlady had missed him. She knocked on the door, got no response, she went in. There he was sitting over there on the chair with a book in his lap. She went over there and looked over his shoulder and it was Webster's

Dictionary. His finger was on the word "Gratis" and he had died of a heart attack.

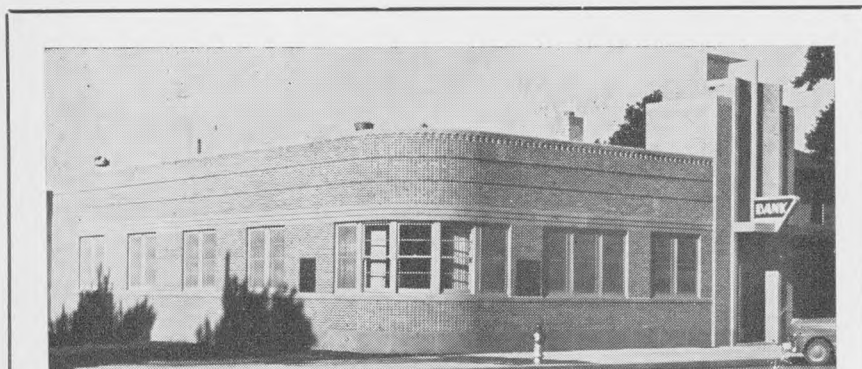
So I had a free ticket. I got out on the sidewalk and I looked at that thing and I said, "You know, that's strange, my grandfather brought me up and told me you never get anything for nothing and I had always believed him and I still do." I have never had an occasion to doubt him, but here I had a free ticket and I said, "Well, maybe people have changed, maybe Granddad was old fashioned, he didn't understand. Uh, Uh, I don't see through this thing, I'm just not going to use it."

You know the old Scotch proverb—"Never look a gift horse in the mouth"—that's one part of it. The other part of it is—"What we do after dark, we get a lantern and look."

So I had another look at that thing and I didn't see all I wanted to see in it so I put it in my pocket and I walked over to the American Consul's Office, waited my turn to get in and see him and I said I would like to go to the United States. He said, "Son, why would you like to go there?" Well, I said, "The first reason is I got a free ticket to Australia and I would rather pay my own way and go where I want to go." He said, "We could use you." Then he said, "Any other reason?" I said, "Yes sir, I just want to go, I got a romantic reason." "Oh," he said, "Is that right." Then we talked about how little money I had and then he said, "Now, son, just where would you like to go," and I said, "Please, sir, where is Georgia?" He said, "That's one of the states down south." Of course, that didn't mean anything to me. I didn't know north from south. Then I said now the time for decision had come, I knew I had met the parting of the ways and I said with a great deal of fear, "Well, please sir, where is Dixie?" He said, "Well, that just is what they call the south." I said, "Oh, you don't mean it. Georgia and Dixie both in the same place?" He said, "That's right." So I said, "That's where I want to go." Dixie and Georgia all wrapped up in one, my dream.

Then he made a terrible statement, he said, "Now son, if you don't have any more money than you said you have right now you had better go up north first, make some money and then you can go down to Georgia." That has been a long, long time ago—now we make it in Georgia and send it up north, you know. Anyhow, he told me I could come to the automobile plant, get a job, save my money, and then I would have enough money to go on to college and do what I wanted to do. That's what I wanted to do and here I came over.

Just before I left we had a little party, a going away party, and one of the friends of my father, my late father, came to the party. He had been in Chicago a long number of years and had made a lot of money and went home—that's one part



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of the population we don't want to increase. Anyhow, he came over and made a lot of money and went back and so he took it upon himself to tell me about the States, and what I had to watch out for.

He told me a lot of things and then he told me one thing that was very important. He said, "Now you are going to find out this. Now you don't have apprenticeships over there and don't have long five or seven year periods. All you want to tell the American is 'Yes, sir, I am willing to work, I can do that job,' and the American will say, 'Sure you can do it?' and you will say, 'Yes, sir, I can do it. I may not do it just like you want it done but you show me one time.'" You watch him and if you can't do it you just move over until you get one you can.

That was my working philosophy as I stepped off the third floor in that assembly plant in a brand new pair of overalls. I looked around and there was no one doing anything I thought I could ever learn so I started to back out and one of the boys who was stripped to the waist turned and said, "Can I help you?" Could I help you? You know I looked like a guy who wanted help himself.

That's so typically American and so easy to forget. You know when people try to make you help folks who don't want to help themselves it dries up the spring of your charitable impulses. I'm not worried about America helping the world, not at all, I think we will not default on our obligations to all mankind but I want it to remain just as it was in that young man's mind. I want to help people who help themselves and those who cannot I want it to be a religious and spiritual impulse.

I am sick and tired of the foreign policy we have had where we have mixed our religious impulses with our economic concept of life, giving money to people to spend, to aid the enemy, to prepare ammunition to kill our own soldiers in Korea. I'm against that. We are rethinking our policy. I think it high time we should.

All right. I stood there and said, "Yes, I would like to see the foreman." Because that was about the last one I wanted to see. He said, "There he is, that big fellow down there." I walked toward him, he walked up to me; he was about 6 feet 4. I stepped up to him and said in my best English, "Please, sir, I would like to get a job." He looked at me and said, "What part of the old country are you from?" I wondered how he knew it.

Of course, I did. I had never heard myself talk. I talked with the Queen's accent which we got about 56 B.C. The English started about 1056, but that's okey. I use my own brogue.

Then I said, "I'm from Edinburgh, Scotland." And that great big man looked at me and tapped me on the shoulder and said, "Good boy, you got a job, that's where my mother and father came from." What a country. You can't know how I felt, see. I didn't have but

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\$8.00 in my pocket. That's all I had. And he didn't know it. I was the one that knew it. I was a long ways from home, scared, worried, and looked as if people didn't understand me.

He said, "Now what can you do?" Well I couldn't pull that business on him about "you show me," when he wasn't doing anything; so I said, "I'll tell you, as you know I'm a long way from home, I want to stay and I want to work and I'm willing to work. I'll do anything you say to do." He said, "That's all right, I'll put you to trucking." He said, "How about 60 cents an hour?" 'Course I had been adding up the cents on the board and had to borrow \$50.00 from an Irishman to get in, yes, I did. I didn't know you had to have that much so I had to borrow it, you see. He gave it to me and he stuck closer to me than any Scotch fellow you ever saw. We got off the boat and I handed it back to him. I came without the necessary funds but I came to a country that gave a kid a chance.

Yeh. Sixty cents. I didn't know what that meant but I knew one thing, if I put in enough hours I would have more than I had right then so I didn't argue.

You know there is no substitute for the urgency and the necessity of work. It's the same spirit that must inspire the artist. If he hasn't any desire to express himself, to go somewhere, he's useless to you and your business and he is use-

less to himself and society.

We walked down the line and he said, "You come over here, boy." He introduced me to a fellow named Bill. He said, "Bill this is the boy who is going to stock you up—I want you to show him what you are doing here?" "I sure will, sir." Then he told me Sandy McPherson was the foreman's name. He wasn't a Scandinavian. And McPherson, he came to me and he said, "Now, boy, you work hard, you work hard and you get you one of those Yankee screwdrivers and you learn what he is doing—those jobs pay \$1.00 an hour."

What a country. When you are brought up in apprenticeship concepts. Here I had 60 cents and the promise of a better one. All I had to do was work and learn and after 90 days I had one of the those, \$1.00 an hour.

I wrote to all the boys: "Come on over here, it's really here." They didn't come. I got one reply. The best boy friend I ever had, you know what he told me. He said he wasn't coming; he liked it where he was.

What burns me up now is, every dollar I make they take part of it and send it to that same guy. You know, if he liked it then he must like it a whole lot better now. It gets to be a habit, it can become a habit. Oh yes, that's the difference between the new and the old. Your grandfather found the same thing I found, Oh, a different position, he found the same thing, a land of opportunity with a chance for a man and he wrote back to all his kin and said, "Come on." They said, "No. we like it where we are."

We talk about it, teaching the world American Democracy. What are you talking about, you don't teach that stuff from a book. There is only one way to learn, that's to live it. No one knows it in the world and never will until they live in America. It's something such as the fathers wrote in the Constitution; it's not something they wrote and then to which they subscribed. It's something they knew and felt and lived and then transcribed their experiences.

We can't teach the world American Democracy. They don't know the meaning of it and never can.

They never will understand us because their cultures are so different. The concepts of life are totally different.

Here I was working, making that money, what money I got is copy of it now. Every dime I made, and what I had to spend and when I think what happened to that dollar, it is rebuilt. They really worked on it and then they didn't only do that but they leave me about 25 cents out of every one I make, too.

Between taxes and devaluation—my friend, Neal, last night worried about cheap money—we got it. We should go to work on the tax boys, that's the crowd who have forgotten what it's all about.

Here the janitor in the school has got a radio, television, \$150.00. You know how many dollars I had to make to get as many as he did—seven times more, that's taxes only. Oh yes. No wonder he can have it.

Well I want him to have it, but I don't want those folks to get so much of mine. And then to throw it around like they do, to people who don't appreciate it. If there is any money to be thrown around, I want to do it, fundamentally.

One day Sandy McPherson came to me and said they were going to close the plant up. He said, "You go down south, go down to Florida." I said, "Where is Florida?" He said, "Down south." I said, "Is it close to Georgia?" He said, "Right next to it." I said, "Well, good, I'm going." He said, "How much money have you got?" I told him. You say you told him? I didn't know Scotch people told those things. We do to one another. I knew he wasn't going to touch me. We don't do things like that. We borrow from Englishmen, Welchmen, Americans but never from one another.

So I told him just what I had and he said, "Go down to Florida and you can get a job there." So I looked in the paper and saw they were taking on men in a saw mill. I had never been in a saw mill in my life. I didn't know what it was, had no idea. I went up to the man's house late Saturday night, knocked on the door and he came out. I said, "You're taking on men at the

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1. WCCO Radio announcer Jack Huston interviews H. E. Swenson of Fergus Falls for Commercial West's radio program based on the convention Hobby Show.

2. Looking over the program before the "Learnin' for the Ladies" session—Mrs. E. B. Maurer, Henderson; Mrs. A. G. Sirek, New Prague; Mrs. Rose Vetter, New Ulm.

3. Looking over their doll display at the Hobby Show—Mr. and Mrs. E. Sbafer of Finlayson.

4. Clayton Tillander, Little Falls; Norman Phillips; John

Winsor and R. B. Rathbun, Harris-Upbam Co., Mpls.

5. MBA Secretary Floyd Larson (left) presents a check for \$500 to Osgood Magnuson, assistant state 4-H club leader, to help defray expenses of delegates to annual 4-H convention.

6. A. J. Veigel, former state commissioner of banks; H. T. Aske, McFarland (Wis.) State Bank; J. M. Sbrader, Marshall.

saw mill?" He said, "Yeh, you ever worked in a saw mill?" I said, "Yes, sir." I imagined I had, I had never been through one, so he said, "Can you saw?" I said, "Yes, sir." He said, "How about \$2.50 and your board?" That was the only thing I understood, I didn't know one thing he said but that—\$2.50 and my board. I understood that perfectly.

"You be here at five o'clock Monday morning to go into the woods and we won't return until Saturday night. You know you don't have to come back then unless you want to." I said, "Good," and I didn't. We went out in the woods, got there that Monday morning and he picked on me, he said, "Come here, boy." I was scared to death. I didn't know a thing I saw. Everybody there knew what to start doing but I didn't know a thing. I didn't know they called those things logs, and he got him an ax and he started chipping and I watched him and I thought, well if that's what he wants me to do I believe I can chip but I didn't know what he was doing with that little stick on top of the log. Chipping.

Then he said, "Come here, boy." I went over there and he said, "Get me that cross cut out of that slab pile." There was only one word I understood and that was pile. I looked in the direction which he indicated and I saw two piles; of

course I didn't know which was which. I don't know if you have ever done what I did, but I kind of veered one way and then the other, and while I was heading for the sawdust pile he said, "Boy, over in the slab pile." Then I changed my direction and got in front of it and I saw nothing but ends and he said, "Right there in front of you, see?" And I saw a handle, it looked different from anything else. I picked it up and it had two. I still didn't know what it was for, I had never seen an instrument like that.

He said, "Come over here, boy, that's it—Let's go." I watched him and he got down and he took hold of the handle so I took hold of the handle, he took it from me, I took it back and he took it again and I took it back and he took it again and I took it back from him. We rocked along like that and after a minute he said, "Let up on it, boy," and I let up. We were swinging along on it and then in about two minutes, I said, "Isn't this wonderful." Two and a half a day for this. What a country.

Now wait, here's the difference, I know you men have worked on an automobile and seen a boy push a truck. I know you can see me pulling on that saw, all foreign to me, everything strange, but here's what you forget. Here's what we forget in America. If you saw a boy in a plant over in Europe

pushing a truck you can bet the kind of guy he is feeding is his father or his uncle.

When you see a boy in the woods pulling a saw, and the old man opposite him, you can bet your bottom dollar it's his granddaddy or his granduncle. They have been doing that in his family for generations. They move horizontally, from trade to trade but when you see a kid in America pushing a truck or pulling a saw you ask about him 10 years later, they say, "Oh, you don't know, he bought him a sawmill." Ten more years go by—he runs a furniture factory, he's a member of the club.

This is the only country in the world where a young man can grow vertically and be respected when they rise because this is the only country in the world that has ever made an aristocracy out of the people who are not afraid to work. Yes, sir, you see the boy push a truck, don't sell him short, not in America, but in the old country they live in a stratified society. They live on streets where they work. Oh no, you say, I've been to Europe. I know you have, but have you lived there?

Did you know that I lived on Albany Street and my mother told me I couldn't play with the boys who lived down yonder because of what their parents did and I couldn't go with the girls on that street. You say they don't live that way



HERE'S A FRIENDLY LITTLE VILLAGE—Nestled between Sawtooth Mountain to the north and Lake Superior on the south, Grand Marais, Minnesota, plays host to thousands of visitors each year. A two and a half hour picturesque drive from Duluth, it serves as a natural supply center in this area.

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now—yes, they do, just a little more so. More so, because it is a form of protection for a decadent nobility.

In America we have a new atmosphere and a new concept; we have a fluid society; we have a flexible society; up and down—yes, we have down too. That's why the Americans don't worry any more about keeping up with the Joneses; all you have to do is work along, piddle along, and meet them coming back. A wonderful land, wonderful.

Not only is it the land for the poor boy but it is the land for the rich boy, too. Sure. There is a company down in Georgia—the old man started buying a little cotton; they built the plant. Oh, it wasn't much when he died and his son took over and built it to five and a half million; and now the other boy has taken over. You couldn't do that in England, never could under their capitalistic structure.

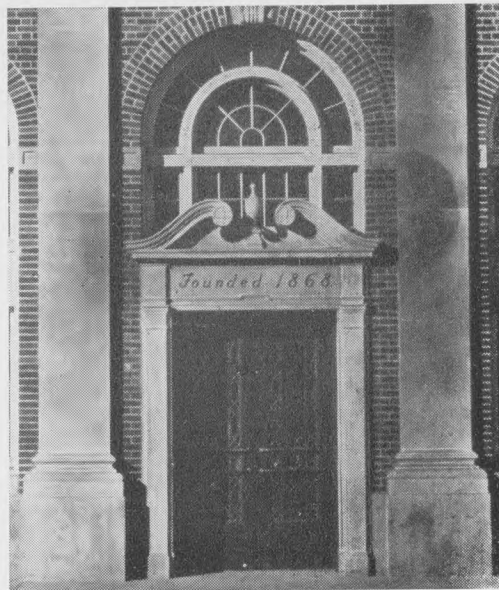
And when we use capitalism in England you must not confuse it with capitalism in America. You mustn't, and too many of our students today in their study of economics have been studying political economy of Europe. Our economics in America has been a science and has not been tied to government and political science until recent years; and that divorce is very desirable, very desirable because it was not a part of our original system.

We never had any apprenticeship law like they've had in Europe since the days of Queen Elizabeth. When Adam Smith gave his concept the government had to decide on it. Not so in America.

Let's not be fooled by those soothsayers who come to us with their changing concept of American life. They have nothing to offer. The only people that came from Europe who ever had anything to offer us were the people who came, rolled up their sleeves, and went to work.

We don't need any sightseers. We don't need any social architects from decadent nations that have long since passed their glory. They know nothing about American life. They walk through a plant but they never will see what I found—that the kid who is pushing the truck today can own the plant tomorrow. That is something that the European visitor never could understand, because they have classes which are caste and have had them for generations and will have them because they want to protect themselves.

When I think of this land and how it grew on me. I went to town on the weekend. First I used to sit out at night when they built a smudge for mosquitoes. I hadn't known of those things, you know, and by that time nobody in the mill knew what I was talking about, so I set off by myself at night. They would look at me and I knew they were saying, "That poor fellow; I bet he's lonesome." I wasn't lonesome. I was the happiest guy on the place. Sure I was; I was making \$2.50 and spending



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nothing—saving it all—and the man who owned it was always worried about the price of lumber. All that I was worried about was that we had enough trees to cut. I soon had enough money to go to school.

I went to town one weekend and went to church; and they told me there was a man preaching from Georgia. I waited and saw him and told him of my desire to go to Georgia, and did they have a college there I might attend. He said sure, and I asked him how much it would cost, and he said nothing. "No, my boy, you can work your way through." I said, "Work?" He said, "Yes." You know I had come to discover that work was the secret of all American success.

So I went up there and when I had taken everything they had, I went to the treasurer's office—he hadn't gotten a copy of my letter. So I went in there and he said it would be \$156., and I said, "Excuse me, sir, but I have a letter here from the president." He said I didn't have to have it. I had the money, but I had it deep down; and I said, "I have a letter from the president. He said I didn't have to have any money. He said I could come up here and work." He said, "Well, you had better go to get a letter from him like that to me," and I said I would. I waited and saw the president. He was so good to me. He gave me a letter like that to the treasurer and that same treasurer gave me \$5 that he owed me when I finished. Where else can you do a thing like that in the world? No where else.

That's an American concept—that education is the salvation of our democracy. It is the only hope of the future. If we can educate 98 per cent of our people on a high level, we will solve the problem of the charlatan in the political and social atmospheres of American life.

Listen. You've heard Anthony Eden. You know we have 85 times more people in school from the ages of 15 to 17 than they had in the whole of the British Kingdom put together. All right, that's why when you hear Anthony Eden, only the college people know what he says. In England, 98 per cent of

the people don't understand him.

But when "Ike" Eisenhower speaks, 98 per cent of our people understand, and that's the way we want it.

We don't want to listen to the talk of the charlatan. That's why he comes into his own. When he has a bunch of ignorant people who do not know economic terminology, who do not know anything about sociology at all, they are the victims of the charlatan—the man who puts it over with the lingo of the street.

But not in America. As long as we let the boys work who can't afford it and send the boys who can and keep open the doors of our universities—keep them wide open—that's the salvation of American democracy, of an enlightened citizenry, and an enlightened people.

Communism can only thrive on their ignorance. Not a man that talks the language of the common man in Europe can be heard. It's tommyrot to the average American. They couldn't talk in any of our colleges; the students would laugh them to scorn. They don't even know the terminology of the sciences they discuss, but the ignorant people of Europe—France made the same mistake—Germany made the same mistake—they only educated those who could afford it and those who were the brains.

But in America we want to be just as deep as Jefferson and just as broad as Jackson. We want to go as far as we can go and let the boy with the good counselor determine his ultimate limitations. Let not any financial matter, let not any social concept prevent a boy from entering any university. That's our hope. That's why we built them. They were built to give the kids a chance. Marvelous country.

Oh, yes, I got two kids. The boy is gone; we lost him. Yup, that boy died and never knew what it was to hate the country that sought to destroy his own. You know that's a marvelous thing. Really it is. You don't know what it means. Because one day I was in the study and I heard a commotion outside; and there's my little boy, three other boys, and a little girl all with pistols and playing cowboy, poppin'

and poppin'; and I put my head on the desk.

You say you're sentimental. Yup, that's like theory and fact. Who knows how much theory is back of every fact. Who knows how much sentiment must be in all logic.

I put my head on the desk and I thanked God that my children were growing up in a land where they could play cowboy and didn't hate anybody, nor the nation. And yet when I was a kid I never aimed at a target in my life. The man instructed me when I was 10 years of age with an air gun. He said, "Look at that bullseye—that's a German's head." And I shot at Germans all my life and had never seen one. I was taught to hate.

Those Americans over there who labored with President Eisenhower when he was trying to build a united army—I knew what he was going through. Those people hate. I killed Germans without any concept at all of humanity. I had been born in it and bred in it. My mother rocked me in the cradle and knew that some day I would have to fight because we hated them so. My boy didn't know that. He died and never knew. That's what the American boy will fight. Of course, push him—he'll fight. But when it's over, he'll adopt the orphans. What a country. That's something we don't want to forget. We're made up of the peoples of the world.

Last year I spoke at the United Nations and I was utterly amazed because I saw every door just like I figured it would be—there was Rumania and Bulgaria—there they were—everybody had a name on the door. And I said to my friend, "Look, why don't we go over to Times Square?" United Nations is not a charter. It is a way of living and we have it in America. We've demonstrated to the world the only United Nations you can have and that is where people of one group respect those of another. And that's what we've learned to do.

Listen. Here's a little boy from Rumania; here's a little boy from Bulgaria; here's a little boy from England, Germany and Scotland. Not any of them can talk the English language perfectly, but the kids go to school, stand up, and pledge allegiance to the flag of the United States. They get out on the playground. It doesn't make any

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difference what his last name is. He's a good first baseman; he's a good outfielder; he's a good quarterback. We've shown the world that the United Nations is not a document. It is a living reality in America. Oh, we have sore spots. Sure we have, but we are working on it in living contact with the people.

Here's my friend 70 miles away in Athens, a Greek. He runs a restaurant. I went in there the other night, and I said "Joe, how are you doing?" "Fine." I said, "When do you open up?" He said, "Six o'clock." "When do you close?" He said, "Midnight." "How old are you now?" He said, "Seventy-three." I said, "How are the children?" "Oh," he said, "they are all doing fine." I said, "How many did you send to the university?" He said, "All of them, all five of them." And he said, "You know, listen now, you know, they all stayed in a dormitory."

See what I mean. You know what that meant to him. His children were accepted. What country can offer that? No country in the world. And we forget it.

We let these boys grow and these girls, and we hear people tell them, "Aw, the whole thing is gone. The government has taken over. You gotta' have pull." Yes, you still have to have pull where we used to have it—right here and back here. It'll pay off in America. A country that offers that to its youth, if we only offer it to them; but no, here's what we are telling them, "Son, when you go to get a job be sure and ask them about your pension."

Ha! Lord and Mercy, he hasn't got the job yet and he's talking about retiring. What's the matter with us. What security did I have when I took that job. The only kind your granddad had was that he had resources within himself. That's the security we want to build up in our kids. Willingness to work and learn and it still pays off.

We've increased, in fact we have doubled our standard of living, in the last 50 years. The only nation that has ever done it in the history of the world. Did you hear what the professor said the last 15 minutes of the classes? That's America. That's the country to which I came.

You said, "I know, but those farmers have got something we haven't got." Oh no, they haven't. They left something you haven't got. That's what they mean. They left something you haven't got; and they see it.

You see that boy digging down there in the mine with a pick and shovel and you stop by the foreman and say, "Who's that boy?" And he said, "Oh, Andrew, Andrew Car or something." You mean "Carnegie." "That's the boy." That's what his people did. But now look at him. You say he was a great man. Listen, what we so frequently forget is, yes, he came to a great country. There were many Carnegies in Scotland; there were many Knutsons in Norway; but those came to

a great country.

So, I was in Georgia; I saw the peaches, saw all kinds of them, married one, and got a peachette. You'd be amazed how Scotch and peaches blend. Great mixture. Ah, she's a honey. She's now finished her sophomore year.

Ah, what a girl. Typical American miss. I love her, of course I do, because she came from school one day and said, "Daddy, I really told them something." I said, "What did you tell them, honey?" "I told them I was a Scotch-American." And I said, "Uh, uh, honey, we got our country. We have no hyphenated Americans and we don't want any. Darling, your daddy couldn't help where he was born, but he changed it as soon as he could. But you were born in America, darling, and when your brother was born and when you were born, your daddy knelt by your mother's bedside and promised Almighty God that if I lived he'd bring you up to love the country that had done so much for him. Don't you ever tell anybody that you are a hyphenated American." Oh no, she won't now.

And you heard about the atomic age and all its horrors. Ha, if I can ever survive the teen-age, I won't ever worry about the atomic age. That's a bundle of energy you can't handle. How wonderful, now she's home.

Listen, When she was born, her mother became ill—that Georgia peach of mine, champion swimmer—became ill. Got steadily worse and for 15 years was a helpless invalid. Her legs, her arms, her neck

were as stiff as this table, and they said there was no chance. Four and a half years in hospitals all over the country—into Canada—no hope, no hope. But she never quit believing and never gave up.

And then two years ago this man in Minnesota who had been working for years and years on something, found it, and as a last resort, tried it; and in 48 hours she moved the middle finger of her left hand; in less than a week, she stood on the floor; and now, she drives a car.

You say, "Why am I an American?" How could I help but be one. That's free enterprise; that the man who wasn't satisfied just to work with patients but he was working on a disease, which is so, so very important, and he found it. Temporary, yes. You say, "Well, it cost you so much money." That's right, but I can make money, but it didn't cost me my freedom. I selected the physician.

You say, "Why are you an American?" It gave me my chance in life; made my dream come true—I still dream—gave me my family; gave me my home; and gave me back the health and strength of the girl who taught me everything I ever knew about American home life. Thank you.

MR. BOSS: Thank you very much, Dr. Young. Believe me, we are all very happy you came to Minnesota to give this wonderful talk. I think it will make us all appreciative of what we have in this country.



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TUESDAY AFTERNOON SESSION, JUNE 15

MR. BOSS: Now, to get underway with the afternoon session, we will start with the report of Cliff Sommer. Cliff and his committee have worked long and diligently during the year in studying a proper program for the association to follow along these lines, and I am pleased to tell you they have found

the answer for our initial step which I am sure will lead to new horizons for banking in Minnesota. It is my pleasure to present a loyal hardworking, diligent and conscientious, great guy, Cliff Sommer, vice president of the Midland National Bank of Minneapolis. Mr. Sommer.

hensive program must be worked out based on a self appraisal of our specific problems as an individual bank and as an association.

Most studies show that the public has not been alerted to the good points of banks and bankers, that they do not know of all the services we offer. We have done a good job of operating and developing sound banks which is of first importance, but have we capitalized on this and other important advantages that we have?

Do we stand so high in favor with the public that they would rally to our defense if we are attacked by left wingers, by some irresponsible politicians, or if we should sometime in the future face another period like the early 1930's? Perhaps we do but why take the chance? Are we as well liked as we think we are? Perhaps we are, but why take the chance? Therefore, the Bank Promotion Committee, after a very thorough study, many discussions and seeking much advice, has unanimously recommended to the council the engagement of a public relations and advertising man in the MBA office for the specific purpose of developing a public relations program. This has been approved by the council and we have already interviewed a large number of candidates for the position. We consider this to be a positive, necessary and worthwhile step. It is expected that the expenses of the program for the next two years can be met from the budget of this past year and the next two years without calling on the membership for additional funds. This man will work under the Secretary and with the Bank Promotion and Public Relations committee.

I will give you a partial list of things we expect from this program:

1. Public relations for the association itself.
2. Publicity for individual banks, bankers and the association.
3. Advertising of a general nature but also to bring advertising ideas to the individual bank.
4. Contact as many individual banks as possible and discuss their public relations program with them.
5. Pick up good ideas from elsewhere and spread them in person and by bulletin.
6. Handle any special events publicity-wise such as Ag scholarships, Treeville, conventions and clinic meetings.
7. Prepare advertising material for distribution and sale to member banks.
8. Develop a coordinated program with a central theme that can be emphasized by individual bank's advertising.
9. Set up meetings, seminars, and courses of instructions in public relations.

Report of Bank Promotion and Public Relations Committee

By Clifford C. Sommer

THANK YOU very much, Wally. I didn't recognize who you were talking about.

Mr. President, Ladies and Gentlemen:

Your Bank Promotion and Public Relations Committee for this year was comprised of John Carlender, Helmuth Kurth, Ora Jones, Jr., Fred Lewis, Gladden Redding, Art Sands and myself. This has been a very hard working group which either has, as a committee or as a sub-committee, met about 20 times during the year plus doing much other work. I now publicly thank them, the association officers, and the office staff for the fine work and cooperation.

The committee enthusiastically reviewed the fine work of previous committees and studied the billboard program, radio advertising, joint newspaper advertising, Treeville, value of a public relations man in the office, and the possible engagement of a publicity and public relations agency. The study and ultimate decision was most difficult so that, by necessity, this year was one of study and basis for future action as I will point out shortly.

We did handle some specific things. On May 1 we cooperated with the Agricultural Committee in putting on a successful Treeville anniversary at the Pat Knox Farm near Shakopee. Recently we reprinted the dairy ad of the Sprague State Bank of Caledonia which has been well received by member banks. During the year the Bank Promotion Subcommittee on savings and loan relationship had numerous meetings with a similar group from the Savings and Loan League to discuss the Code of Ethics adopted by the convention a year ago.

This committee, after due and deliberate consideration, felt that certain provisions of the code had not been lived up to by some members of the Savings and Loan League. Therefore, they recommended to the Bank Promotion Committee and to the Council that the MBA bank members no longer

consider themselves bound by the Code of Ethics. This recommendation was adopted. The committee, however, feels and hopes that there are many areas in which the two associations can find common ground.

At the 1953 Clinic Meetings we provoked much discussion regarding the need for bank promotion and public relations development for the MBA and individual member banks. While the response was favorable to an aggressive program we were not at all sure that most banks would support a program financially to the extent needed.

To augment our findings and to form a basis for future action we engaged the Dudley I. Parsons Co. to make a field study of the subject. Mr. Parsons himself handled the two weeks' survey and in that time talked to about 70 bankers, 18 newspaper men, many clerks, laborers and businessmen in a number of sections of the state. I believe that this report will provide the basis of our promotion and public relations program for years to come.

His conclusions were that there is a definite need for such a program in Minnesota and that most bankers feel the need and desire for it. He recommends that a basic part of the program be geared to the individual bank level.

Objectives of the program wanted by the bankers of the state, as outlined by Parsons are:

1. Individual banks want the assistance needed to train themselves and their staff to do a better public relations, advertising and promotion job in their own bank.
2. Most banks want to meet competition more effectively.
3. Effective publicity for the association and the banks as a group is needed at all times.
4. To promote more profitable business.
5. To induce more favorable consideration of banks by the people in the communities they serve.

To accomplish these is not just a matter of publicity, promotion and advertising. Rather a compre-



CLIFFORD C. SOMMER

10. Help various association committees publicize their work that is of interest to the public.

11. To help banking present a united front.

12. By his presence in the office it will allow Secretary Larson an opportunity to get around the state and visit the bankers.

These, and other things, can only be accomplished by engaging a man trained in the field who can devote his time to the program. The present staff in the MBA office are otherwise busily engaged in the multiplicity of duties now present.

The Parsons report recommended not only the employment of an individual field man as described above but also the engagement of a public relations counsel as well. It was estimated the total cost would be about \$36,000 a year or over 50 per cent of your present dues. This we could not recommend at this time because we did not feel the banks of Minnesota are ready for that amount of annual expenditure and also because we would want to search for a competent public relations counsel locally at less cost. However, we believe that the employment of a public relations counsel, together with a field man, is the best plan for the long run and would develop into a better program than with a field man alone and that we should definitely work toward that end.

In conclusion, let me say that the committee feels that the plan as outlined is the only way that we can start now, that it can be improved materially in the future by the addition of a public relations counsel, that we bankers must be prepared in the future to back up our desires public relations-wise with the dollars to pay for it and that this present program can succeed but only if the committee, the Council of Administration, the officers of the association and all member banks and their staffs get behind it to the fullest extent in every way.

Then and only then will we

move forward. There is not a finer nor fairer group of men and women anywhere than you who comprise the banking fraternity of Minnesota, and therefore acting as your representatives, we feel sure you want this program and will make it succeed.

Mr. President, I move the adoption of this report.

* * *

MR. BOSS: Thank you very much, Cliff.

You gentlemen have heard the report of the Bank Promotion Committee. The chairman has moved its adoption.

(It was moved and seconded that the report be adopted and said motion was unanimously carried.)

MR. BOSS: Cliff, I want to thank your committee for a lot of hard work. I am sure we are taking a step of tremendous benefit to the banks of Minnesota. As Cliff says, it depends on your 100 per cent support. Let's all work together, and put this thing over.

Thank you very much.

* * *

Another of our loyal and hard-working committee men is K. O. Sattre, president of the Blue Earth State Bank, Blue Earth, Minn., who served as president of this association in 1940 and 1941. I think it is wonderful of many of our past presidents to take such an active interest in the work of the association, and I am sure we are very grateful to them for it.

K. O., as you know, is chairman for Amendment No. 2, which is extremely important to the state banks of Minnesota and banking as a whole. Besides having served as president, K. O. has served as Commissioner of Banks of Minnesota, and has the respect and confidence not only of the banking fraternity but everyone in this state. We are fortunate indeed to have him as chairman of this very important committee. Mr. K. O. Sattre.

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Amendment No. 2 Committee Report

By K. O. Sattre

Mr. President, Honored Guests, Ladies and Gentlemen:

We have just heard a very fine report by Cliff Sommer on our MBA public relations work. If we as bankers have been attending to our knitting along this line, the task given our Amendment No. 2 Committee to carry out should not prove too difficult.

As you know, the MBA was instrumental in having our state legislature pass an enabling act which permits a general vote on a provision in our state constitution calling for double liability on state bank stock. This proposition is being presented for public vote by means of a constitutional amendment known as Amendment No. 2. The job of enlightening the voting public on the reasons why it should vote for the amendment has been given to your Amendment No. 2 Committee.

Because of the democratic nature of our government, we find both federal and state laws tied very closely to our daily activities. We have federal and state courts of justice, social welfare departments, both kinds of penal institutions, highway departments, and so on.

Ever since the days of the federation of our colonies there has been the constant speculation as to the limits of federal and states rights. These double rights are reflected in our banking institutions and so we have 178 national and 498 chartered state banks existing together in communities throughout our state. We call this situation the dual banking system.

If the legal rights and privileges of these two types of banks can be kept similar or balanced in the progress of banking, state and federal rights are kept satisfied. This sets up a system of checks and balances in dual banking basic to our type of government.

In 1937 the way was opened to all national banks to eliminate double liability on their bank stock. One by one our states have been cancelling the double liability on its bank stock. Last year Oregon and Illinois did the job and that leaves only the two states where this double liability situation still exists, Arizona and our Minnesota. So on this train we Minnesotans are riding strictly in the caboose.

It's for this reason that the Minnesota Bankers Association, always alert to improved banking, decided that a real effort should be made to equalize the rights of Minnesota state banks with those of other states and of those nationally chartered.

Since we are one of the last states to go into this matter of double liability the reasons for elimination of it have already been recited many times. Here are a few of them given tersely:

1. Growth of capital commensu-

rate with that of deposits is retarded by double liability.

2. It handicaps organization of banks in many communities.

3. Double liability now discriminates against state banks.

4. Double liability prevents the sale of bank stocks at a fair value.

5. Double liability could prevent choice in directors who refused to qualify for stockowning directorship.

6. Federal Deposit Insurance Corporation insurance plus modern day government supervision renders double liability no longer necessary.

7. Double liability was originally established primarily to protect holders of bank-issued currency. Banks no longer issue currency.

8. Double liability is now a threat to the dual banking system in this state by keeping the stock of national and state banks unequal.

9. Dual banking is a part of our free enterprise system and as such its preservation is our responsibility.

Our Minnesota Bankers Association presented the case of constitutional double liability to our legislature last year. It passed an enabling act providing for the eventual elimination of the double liability from our state's Constitution. Thus the Minnesota Legislature, at our request, has handed us the job of seeing to it that a majority of the people voting in our general election cast their ballots for Amendment No. 2.

It is our task to educate 1¼ million voters between the primary and the general elections or between next September 14 and November 2 to vote for Amendment No. 2. Here are the fields in which this educational campaign will function with the help of every one of you interested in improved banking:

1. Newspaper and radio releases.

2. Newspaper and radio paid advertising.

3. Talks on radio and television.

4. Talks to civic and luncheon clubs and to stockholders at their bank stockholders meetings.

5. Placards in banks.

6. Question and answer pamphlets for distribution in bank statements and pass books.

7. Word-of-mouth support by stockholders, stockholders' wives, voting sweethearts, bank employees and all other persons whose support can be enlisted.

And then this broad and very important field:

8. Indorsements by various groups, political parties and candidates and indorsements from important individuals in our several communities.

Our state has 365 weekly and semi-weekly newspapers, 23 non-metropolitan dailies and six large



K. O. SATTRE

metropolitan daily papers in Duluth and the Twin Cities. If we are to do any appreciable advertising in these papers and also distribute hundreds of thousands of printed pamphlets, we will need money.

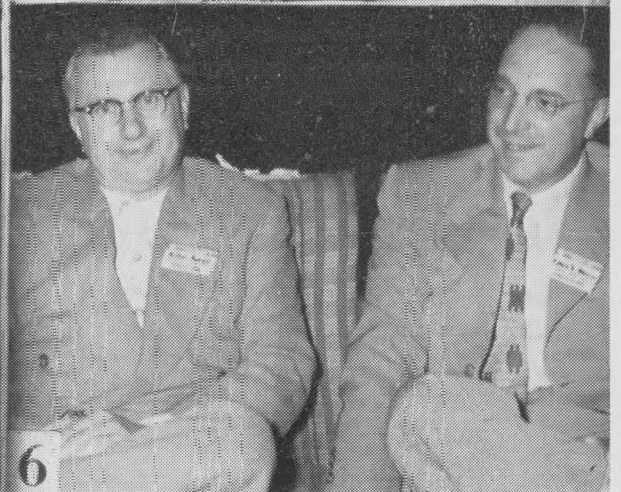
It is self evident that this task couldn't be financed out of the Minnesota Bankers Association regular budget. Therefore, the special call for your financial support. The bankers of Illinois reportedly spent \$141,000 successfully on a similar job last year. We have set up a theoretical budget of \$30,000 since our state situation is different from that of Illinois.

On behalf of the Committee, I wish to thank those who have responded so generously to our call for funds. Up to June 4, 76 national banks, two trust companies and 350 state banks have paid in \$20,775 and you can rest assured that this money will be spent thriftily. Frankly, the high percentage of contributing banks is very pleasing to the committee.

Our committee has set up an organization of nine regional chairmen whose territory corresponds with that of our congressional districts. These men in turn have named county chairmen in their territories. It is our plan and hope that we can call upon these men for active cooperation as the campaign progresses.

To help plan and to originate and to distribute our information and publicity we have engaged the services of the well known public relations consultant, Mr. Alton Smalley of St. Paul, a veteran in this type of work. With the active help he is already giving us and with the energetic support of the individual bankers in Minnesota we expect to be successful this fall in having Amendment No. 2 adopted.

Now, in review, we have got the goal, we have got the organization,



1.—Les Lloyd, Lloyd's Agency, Minneapolis; Thomas E. Olson, Starbuck; H. O. Chapman, National Reserve Life Insurance, Topeka; A. R. Anderson, Dassel State Bank.

2.—Russ Gesell, Cherokee State, St. Paul, and Ben DuBois, secretary Independent Bankers Association, Sauk Centre.

3.—P. R. Kenefick, National Citizens Bank, Mankato, and Mrs. Richard L. Myers, Amboy.

4.—The Al Haakensons of Austin State Bank.

5.—Was it hot? Kenneth "Dutch" Gay, Sturgeon Lake, mops his neck.

6.—Arthur Kappel, Winsted, and Ed Maurer, Henderson.

we are getting in the expense money. We want the positive and active support of every bank stockholder, employe, their wives and girl friends to pass on the good word. On this basis we should feel anxious to hit everyone with this phrase "You vote for Amendment No. 2."

MR. BOSS: Thanks very much, K. O. I just would like to emphasize what K. O. has said, and ask for your united support in this campaign both financially and in way of spreading the word to all the people. Everyone who votes at the November 2 election must vote favorably on Amendment No. 2 or else his vote is a vote against us.

It is up to everyone of you to get busy talking about voting yes on Amendment No. 2. There will be plenty of literature available. See that you get yours and distribute it throughout your entire area. We must not fail in this campaign.

That disposes of our committee reports. Later on this afternoon we will have our election but at this time we have two speakers who to me it is a particular pleasure to have with us.

Both speakers this afternoon are old friends of mine from younger days. They are both past presidents of the United States Junior Chamber of Commerce. I could tell you a lot about each of them. I think it is best that I don't but some time in private corners I can tell you why these men are the great men

they are today. As I say it is a particular pleasure for me to have them here.

* * *

Bruce Palmer is going to be first speaker. He was born and raised in Michigan and started his business career in Los Angeles as a salesman for the Mutual Benefit Association of Newark, N. J. of which he is now president.

Mr. Palmer returned from California to Michigan and while building up a very fine life insurance business there became active in Junior Chamber of Commerce work serving as president of the Ann Arbor and Michigan State Junior Chambers of Commerce.

He was then elected vice president of the U.S. Chamber and then treasurer and in 1943-44 was

national president. In 1943 Bruce Palmer was selected as one of the country's 10 outstanding young men. Mr. Palmer was called to the home office of the Mutual Benefit Association in 1946 and in the short space of eight years has been executive assistant to the chairman of the board, and to the president, superintendent of agencies, administrative vice president, executive vice president, and since January 1, 1953, president.

In addition he is now president of the New Jersey State Chamber of Commerce and is active in many civic endeavors. In my book he is one of the outstanding young men in the country today, and I consider it a personal privilege and pleasure to present him to you at this time. He will speak on "Let Us Resolve."

Bruce Palmer.

Let Us Resolve

By H. Bruce Palmer



THANK you very much, Wally.

When you started out introducing the two of us together I sort of bent over and asked the Colonel if we could get up and talk in unison. I didn't think that

I would ever be put in a position where I would have to give a duet with the Colonel. In fact, I never thought that I would ever be in a position where I would even have to appear on the same program with him because, as you will find out in a few minutes, and it will only be a few minutes, we have the matter of all oratory with us this afternoon in the person of the Colonel.

He's a very fine man; I've known him for many years and I think he knows everything that I have ever said from the speaking platform and I can assure you, Colonel, that the same goes for you. We might be able to almost appear as a duet.

Well, I should have started out and paid my respects to the people at the head table, your honored guests, especially to your officers as I was sitting next to Mr. King, your vice president, but I see that he has gone and I don't know if there are any politics in this organization, but he may still be out politicking.

I could give you a recent definition that I heard of a vice president that would be appropriate for him and also you vice presidents of banks—and I believe there probably are a few in this room today. I was told recently that a vice president is a mouse studying to be a rat. I don't know if Mr. King is out there studying studiously, but I missed him all of a sudden.

Incidentally, that definition doesn't seem quite as appropriate to me after my company honored me by making me president a year ago as it did prior to that time.

This afternoon I am really pleased to talk to a group of bankers. I have a deep affection for bankers, as I come from a banking family; my father was a small town banker in Michigan, my paternal and my maternal grandparents were both bankers; I wanted to be a banker but, unfortunately, I graduated from college in 1931 and I think you know something about the banking institution at that particular time. In fact a banker, and I will not mention his name because all of you would know him, told me at that time that if I would go and lock myself in the county jail I would have more initiative at the end of five years than if I went into a bank. That really scared me out and I went into the insurance business, but I still have a tremendous affection down in the bottom of my heart for the American banker.

I have deep respect, of course, for my father, not only the love for him as my father but for an individual who was constantly attempting to improve the conditions of his community. The reason that I told Wally Boss that I would like to talk to you on the subject "Let Us Resolve" this afternoon was simply because I know of the potentials, having lived with the potentials of the American banker for the good of his community.

I think if you recognize the fact that, as bankers, it is quite essential, if we are to maintain the type of life all of us want in this country, that we maintain our communities as the very citadel of strength of these United States and, of course, that can be done by men who are so potent in the things that you can do for community improvement and commu-

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ity good, you are so potent that I would ask you today as we discuss some fundamentals and a few specifics, that I would like to give to you this afternoon—I would ask you only to resolve, all of you, to do some of these things which I would like to suggest.

Now, I have been called an idealist. Well, I am happy to be called an idealist because I think that anything that is ever good in this country starts from an idea and before you, Colonel, I would even say that ideas are louder than cannon that can be heard around the world if they are sound ideas.

I also have been called a fundamentalist. I am even more proud of being called a fundamentalist than I am in being called an idealist and I want to talk to you about fundamentals. I am going to isolate one of the great national or international problems this afternoon. I'm not going to discuss that with you. I'm not going to talk to you about interest rates; I'm not going to talk to you about investment portfolios, some of the things that we both have a mutual interest in, but I want to talk to you about fundamentals. I am a fundamentalist.

I would like to go back to my graduate days or my undergraduate days at the University of Michigan and I would like to review with you some of the fundamentals that I learned in my sociology course. I was told by that professor, as I recall, that when you have people living in communities, just the fact that they are living together and living in homes, you are bound to have social problems.

In our communities today in the United States we have social agencies that have been created to cope with those problems. Then when we have these people who live together in their communities and have their homes in their communities, we find that it is necessary, in order to survive in our business system, which is a competitive business but also a cooperative business system in which we exchange goods and services that all of us desire, we find of course with all these little business units and entities which we have in the community we have business problems and we have very fine associations—the businessmen—that are created to cope with those problems. This being one of those business associations.

And then we have a third factor in our social living in our whole realm of human affairs and it is one that gives me a great deal of concern as I note the trends today, and that is that we find it necessary in our social living and our business living together to regulate human behavior. When we have to regulate human behavior we have, of course, various governmental units that are created on the local, the country, the state and the national basis.

The thing that bothers me and the reason that I want to talk to you about fundamentals today is that I get so sick and tired of having business at the lunch table day

after day expounding the philosophy that we hear so frequently.

There is nothing that I as an individual can do about any of the social problems, the business problems and the governmental problems, and why does it bother me—it bothers me simply because I know that when we withdraw ourselves, our ego out of the realm of human affairs, we are inviting the government to step in and say "I am the ego, I am the power, I am even totalitarian in my philosophies of government" and of course that bothers me.

But that is the thing that is happening in America today. The businessman is withdrawing himself and saying that "there is nothing that I can do about it." I don't believe it and I hope that I can prove it to you this afternoon. I hope I can prove it to you because again I say that you are so potent in the things that you can do for the good and strength of your community that I hope that you will resolve to do some of these things.

I would ask you also if you would agree with me, first, in a fundamental philosophy that I have—and that is that the solution of every problem that we have in these three problem areas, and I believe them to be only three problem areas that we have in our country today, is the creative activity of the individual himself. And I will ask you this afternoon as you sit here in this room, leaders in your community, to accept the urge of leadership which I believe is a realization that we are leaders because we can stimulate individual effort and we do not espouse the cause of the withering of the common ego and the mad social inhibitions to blindly like dictatorship.

We believe in the powers of man and the potency of that man for good. If you are not that I don't think you are a leader.

Now I said there are three areas—three problem areas—and I would like to discuss those three areas.

The first one is the business area, the one in which of course all of us who are businessmen have the greatest interest. I would like this afternoon to discuss with you the relationship particularly of people who are gathered together in this free enterprise system where we exchange our goods and services that all of us need as American citizens.

I wonder if any person in this room has talked to you about this, because I think it is important. I think it is important if you think it out clearly because we as financial men—and I am also a financial man—have not been plagued too much with outside interferences as these relationships that exist between these people in free enterprise, and I think it is very important that we in the financial institutions of America show the way with the same philosophies that we might be able to create among ourselves and how we can get along as people in the free enterprise system.

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I wonder if any man or woman in this room would disagree with me today in the importance of the individual to the American business system. I wonder if it is necessary any longer for us to vie for a position with these two important factors that we have, people on the one hand and capital and management on the other. Call it labor if you will, yet there are two important factors. Can't we accept them as factors of equal importance and give our respects to both of the factors.

I think if we can do that, if we can adopt some of the philosophies that I have attempted in only a period of a short year in my own company to attain and to preach to the people of that particular company, I think that we might not have some of the problems that I can see facing us in the future.

I have an opportunity with all of the new employes of our company, probably twice a month when we have 15 or 20 new employes, to take them into our board room—we have a very beautiful board room — and we put them (they are mostly young people) down at the table (they are mostly graduates from high school, some from college) and I have an opportunity to talk with them about our company and the subject that I have chosen to talk to them about for 15 or 20 minutes is simply entitled "You Are Our Most Important Asset."

Now we are a great financial institution and we have a billion and a half of assets, we have a tremendous building, and we have tremendous pillars outside of that home office of ours which are part of our building. When these youngsters come up the street and see our building for the first time, the pillars and behind it all the brick and mortar and the stone—and I was even astounded when they first told me that our casements were made of bronze because we wanted to survive for many, many years and we anticipated as a financial institution we would—when they are taken down into the vault in our company and there allowed to hold some of the assets or evidences of asset value that we have in that institution (and we probably have the most dog eared of all stock certificates in the world today in the piece of paper of our eight million dollar stock certificate of the A. T. & T. Corporation.) I think more people, more people than our new employes have held that 8 million dollar stock certificate and had that fleeting glance at wealth.

The first time I was allowed to go down to the vault I was handed a packet of 190 one million dollar denomination U. S. bonds, asset value. Tangible, yes, but it is my privilege and my pleasure to sit down with those kids and say, "those are not the most important assets that we have in this company." Of course, we are a great trust institution and it is important that we always maintain our responsibilities of trusteeship, but

who created those assets? The people who for 109 years in my company have built that company, have created the assets I've indicated to them and God forbid it would ever happen if a bomb should ever fall close or on 300 Broadway, Newark, N. J. I would only hope that our people could be in their homes in their suburban communities in order that they might be spared, because I honestly believe that if they were spared we could bring them back the next day and with 109 years of experience behind us I think we could build another great company.

But if the people were destroyed, the assets have no value. People create assets. Let's recognize the human being as the most important thing that we have in American business today and let's respect him and let's respect his human dignity.

Now, specifically, what are some of the things that I would suggest to you. I would ask you — and you have heard a lot of talk about human relations in this time of pneumatics — I would ask you in your human relations program if you have one, and if you don't you'd better get one if you don't want interference from outside in your management problems.

If you have one is it sincerely adopted because of the deep philosophies on the part of those people who run your company? I think that that is important. I think it is important that you have a program of this sort because I see it as one of the greatest levelers of all class distinction, one of the greatest creators of the thing that I think everybody wants. You people want it and I want it and that's a respect of the human dignity of man himself.

Now I've had an opportunity also with these young people who sit in this board room with me when they come into our company, to talk to them about a new concept—maybe not new, it's new with me—a new concept of management and labor relationships or responsibilities.

I was asked a couple of months ago if I would write a little article for a labor magazine. I sat down on a Sunday, as I remember, and in that few minutes that I sat there trying to think what I would talk about, I thought to myself, why don't I try to delineate the areas of responsibility of these two factors of free enterprise—labor on the one hand, management on the other.

And I sat there and I thought to myself, is there any difference? Is there an area? Am I a laborer? Why, of course, I am a laborer. I don't think there is anybody in my company who works harder than I do. And I think that people in my company recognize that. Two hours every night, every weekend six or seven hours, because I've got to take the stuff home. It's my responsibility. I'm a laborer. Nobody can say that I am not a part of the laboring force of our company.

Then I look at the people of my company, and I say, are they all

laborers? Are they a part of the management? And I say, of course they are. And then I told these young people that they are a part of management because I will give responsibility to every employe in that business organization as a management responsibility and when these little management responsibilities all cease to function properly, there is going to be a falling away of the whole structure.

They are a part of management; we are all a part of labor. If we would only recognize that in American business and enterprise today, I don't think we would have these frictions; I don't think they are essential. I don't think it is essential in our financial institutions that we have those and I would hope that you would resolve to have sound philosophies of labor, management relations, if you want to call them those.

And, secondly, I would like to suggest to you specifically that you give thought to their representation of the problems. Now we have done that in our business organization. Every person in our company has an opportunity for representation of the problems that exist with that individual.

But I think we are beginning to recognize that they are all common problems and that the best way to solve them is to get around a round table. I like this kind of table. I don't want to sit across the table from somebody. Simply by the manner of physical existence across the table indicates that that person's problem, sitting on one side of the table, is different from my problem.

If we could only sit around a big round table and consider our problems as common problems and look for a common solution to those problems, I think we could be happy in our business organizations.

And then, further and specifically, I would suggest to you—are you keeping open your lines of communication? And I mean both up and down.

When I was given the privilege of heading our company, the first thing I did, and it took me 3 or 4 months to do it, was to go to every department and talk to the people about their jobs. I wanted them to know me and I wanted to know them. I wanted to have them know that I was deeply interested in the job of every individual in my company and I think that they knew that.

By the time I got down to my office after every one of these visitations—and our great plant is a very, very effective thing (it is better than the Bell Telephone System)—by the time I got down to my office the same word was always there, got there before I could yet back physically, and that word was that they had never seen the president of our company in any one of the operating departments.

What's wrong with American business today? We're just too far apart from each other. We've grown so big that we don't know

each other. If we would only recognize that and keep close to our people.

I was happy the other day going across the bridge in Milwaukee coming up here in my car to see again the great sign of the Falk Corporation down in Milwaukee. I was there several years ago and I asked about that company. I asked about their employe relationships and I was told that they were wonderful. I asked why it is so. The thing is so simple you wouldn't believe it.

Mr. Falk, instead of having luncheon in a plush luncheon club every day, still, as he has for 40 years, has his lunch out in the factory out of the same lunch pail. They all know him by his first name; they lovingly respect him. Nobody has been able to get between Mr. Falk and all of his employes. It is a simple thing.

All these things are simple if we will only think them through.

My favorite of all corporations is McCormick and Company, tea and spices, made down in Baltimore, Md.

I can recall the first day I got on the elevator and was greeted by a very attractive and a very intelligent young lady and she asked me to what floor I wanted to go. When I said I wanted to go up to the seventh floor her eyes immediately lighted up and she said, "Have you seen our seventh floor? We're so proud of it."

By the time I was up there, in some way or other she got my name—usually its the other way around with an attractive young lady—but she got my name, took me off the elevator and introduced me to an equally attractive young receptionist who came out to meet us. We went down to an old English tearoom down at the left and you will recall this street behind all these English door fronts of the departments of this business organization.

We talked about what? We talked about the company. That's all they wanted to talk about, those two young ladies. And then for two hours that afternoon, I sat and talked to six junior executives. What did they want to talk about? They wanted to talk about Charlie McCormick and what a wonderful person he is and about McCormick and Company.

Why was it, again? I found out the answer and again it's fundamental. It's simple. It's specific and I recommend it to you. I ask you to resolve to use it in your own business organization. It's simply because, and this is my philosophy too, his main management responsibility is the responsibility for undertaking himself all the problems of his individual employes. And there is not another problem that he has that is as great as that major responsibility. Those are things that I think that we should think about and think about this afternoon.

Then, to be more specific, and this is so important I recommend it to you. We can do something

about it. I'm doing something about it because I get exercise in these various problem areas.

I want to talk to you for just a minute about the problems of having the people of these United States understand this thing. If you want to call it capitalism, a lot of people don't like it. It's even been recommended that we should extricate it from our very vocabulary and throw it away.

If we did we could talk about other things. We could talk about the doctor and his bag of tools, and the dentist with that dreaded drill that he puts in our mouth, and our salesmen with their rate books and their brief cases and automobiles. These are capital goods. But we can understand them.

I want to talk to you about an explanation of this thing that we call capitalism. It is so very important. We asked 200 people in Camden, N. J. not too long ago—just stopped them indiscriminately on the street and asked them a very simple little question—"How much out of every sales dollar of your particular company goes into the pocket of the boss?"

And you know what they said. The lowest estimate was 25 cents. Top estimate was 50 cents. 25 to 50 cents. That's what the people of America think about the American business system.

So, is it any wonder when the United States Chamber of Commerce not too long ago took a nation-wide survey and asked many thousands of people from coast to coast about this understanding of the American business system. Do you believe there is any particular reason why they shouldn't have said, 43 per cent of them, that they were beholden to the labor unions for the things that they got for their daily endeavors; 42 per cent of them said that they were beholden to the United States Government for the things that they get from their daily endeavors; and 15 per cent of them gave credit to you and to me.

The American businessman has a lousy job but it's our fault, because we haven't done anything intelligent about it. You haven't even explained the American business system to your own employes. And I'll tell you something—if you will do it, if you want to look for increased methods of productivity and efficiency—I tell you if you get the people to believe in the thing they are doing every day and its social and economic significance, I think you will get that increased productivity.

If the people understand in my company as I hope some day they will understand—it's going to be a difficult job over a period of time and we're making a start—if they understand the social significance of life insurance to the people of the United States, I think they'd work harder on their jobs.

Now, there is an easy way to do it but again people say it is a difficult thing. I can tell you of one easy little way that was adopted in one company. At the end of the

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year, they called all of their four or five thousand employes into a great auditorium and the man got up on the platform, stood alone on the platform and took out a hundred silver dollars and he put those aside on the table.

He said, "Ladies and Gentlemen, those represent our income dollars in this company during the last year. Now I want to show you where we use them, how we expended those income dollars." And he took a whole bunch of them and he put them aside and said, "Those represent the cost of maintaining this great plant and improving this great plant to which each of us comes these days so that we might work and might get the things that we want from our daily endeavor."

Then he took some more and he said, "These represent the cost of the raw materials that we fashion into the product we sell." Then he took all but the last dollar, a great bunch of them and he put these aside and he said, "Ladies and Gentlemen, these are the dollars that give us more satisfaction than anything that we do because those dollars represent the fulfillment of all the hope and the ideals and the ambitions, the desires that you and your families have for the things you want in life—those are your wages."

He only had a dollar left and he had to make change, so he took out a hundred copper pennies and he said as he took them, "Under the exigencies of life it is not possible sometimes for you to earn your wage dollar and therefore we want to insure some of these things so we insure them and give you hospitalization and health and accident; we give you a pension plan to take care of your income as you become older in life." And by that time he only had 12 pennies left.

He stopped for a minute and

heard a pin drop and finally he said, "Ladies and Gentlemen, those 12 pennies belong to whom?—They belong to those people who a long time ago, and to those people since that time who took out of their savings enough money to build this plant, to purchase the first machines, and to get the first raw materials, to put things all together so that we might be able to get those things we want out of life. We, all, are working people. Those 12 pennies belong to those people." And again you could have heard a pin drop. For about 3 minutes.

A little old Scotchman finally got up in the back of the room and said, "Mister, I think youse guys is getting gypped." Now that is sound economic education. Is it easy? Is it simple? Why, of course it is. But we want to make all of these things so complete.

Going over the Pennsylvania Turnpike the other day with my daughter, I asked her if she knew that she owned a part of that road and she said, "What do you mean, Daddy?" For one hour on the Pennsylvania Turnpike, because there was nothing else to do, I explained to my wife and my daughter sitting with me in the front seat why they owned it and I talked to them about depreciation and bonds and amortization and interest and all these things, and I found them intensely interested.

This thing that we call the American business system is the most dynamic thing; it's the greatest thing to depict of interest to the school kids of America. But are we starting there? No, instead of that they are getting a lot of things that are not constructive in their thinking. If we give it to them early enough I think we are going to dispel some of these things that otherwise are being crammed into their minds in America today. I

suggest that to you as being very important.

I must hurry along. I've got two other areas I just want to touch on. I want to ask you again if you agree with me and resolve with me that there are things that we as businessmen can do to be effective in the solution of some of these problems.

The secondary I would choose is the political area. Now I can just see you mentally doing exactly what you do very time I talk politics with anybody. You throw up your hands and say, "Keep me out of it, I am a busy man. I can't get my organization involved in politics."

You haven't even gone with the American businessman to the dictionary to look up the word. And what does it mean? Politics means the science of good government. Have you any right as an American citizen to throw up your hands and say, "I'll have nothing to do with the science of good government." I don't think that you can do that and yet I think you can be effective.

I think I am being effective. I have dedicated myself again in this area to doing some things which are specific, to get businessmen to do something about their tremendous potentials; but we have apathy. But why do we have apathy today? We even find that some of our people don't even crystalize their criticism like going to the polls. I'm not going to give you the statistics. They are awfully sour. We thought we did a great job when we brought it up from 53 per cent as it was in 1948 to 65 per cent, but it still is a lousy job.

Where are the rest of the businessmen? I won't point a finger of accusation at any group, but they are terrible and the businessmen are right up there with the rest of them when they don't go to the polls to vote.

There's something you can do about that. But let me ask you again, why this apathy? Let me tell you exactly what I think. I think it is due perhaps to the fact that neither one of our major parties today will accept the true challenge of leadership and come forth and proclaim the human dignity of man; and the dignity of that man should be preserved as he goes into business. The fact that the State should serve the individual, should protect him in his enterprise, rather than to do such a lousy job, not trying to be a master. I think fundamentally that's what's wrong.

In other countries of the world today you will find the largest segments of the voting population, about 85 or 90 per cent. Why is this? Because they are facing issues and they are big issues. We have big issues to face in America today and someone of our political parties some day will have the guts to come up and face some of these issues. At least I hope they will.

And you ask me—what can I do, Palmer? Well, I'll tell you

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Officers MINNESOTA BANKERS ASSOCIATION 1954

ASSOCIATION OFFICERS

William G. King, President
First National Bank, Grand Rapids
A. E. Arntzen, Treasurer
Farmers & Merchants State Bank, Appleton

Donovan E. Crouley, Vice President
Northwestern National Bank, Minneapolis
Floyd W. Larson, Executive Secretary
Rand Tower, Minneapolis
Florence J. Linden, Assistant Secretary
Rand Tower, Minneapolis

COUNCIL OF ADMINISTRATION

1955

H. G. Hamre, State Bank of Wood Lake
William A. Gray, City National Bank, Duluth
L. H. Everett, Minnesota National Bank, East Grand Forks

1956

A. H. Haakenson, Austin State Bank
R. P. Howe, Citizens State Bank, Fulda
B. G. Berg, Security State Bank, Kenyon
George S. Henry, First National Bank, Minneapolis

1957

R. M. Gesell, Cherokee State Bank, St. Paul
C. J. Elsenpeter, First National Bank, Walker
E. L. Melin, Oakley National Bank, Buffalo

R. J. Julkowski, General Counsel, Minneapolis

what you can do and again you are going to say that this is not specific enough. I would suggest that if you want less government that you'll do a little bit better job in governing yourself as an individual. If you want better government you will be a better citizen; and if you want more freedom just use a little more wisely the freedom that has already been given you.

Yes, we've talked about Socialism, a lot about Socialism. I wonder if you would accept with me the proposition that we are either going to have more Socialism in America and that will be the continued trend of affairs or we as businessmen are going to get in and make a contribution through power to the cause of good government because we've got the brains and the sense and the acumen to run this great business that we call the United States Government.

I don't know whether you are aware of the fact that 71 per cent of all the Congressmen are lawyers; and I'm not implying by that that they have not made by far the greatest contributions to the cause of our democratic government, good democratic government.

But where are the businessmen? I'll tell you where they are. They are right at home because you men who are business executives, will not permit your people to serve in the cause of good government. You won't let some of these young people who have imagination and energy and who could make a contribution go down to Washington or come here to your State Capitol in St. Paul. You won't do it because you are selfish along with me. And you continue to criticize poor government.

Recall with me if you will the days of World War II—you know

this, Colonel, as well as I do—I don't think we would have won that war had it not been for the dollar a year men who went to Washington.

Where are the dollar a year men today? We've been asked on several occasions in our company to give them and on a couple of occasions we have given good men. If you want to know how you can charge this thing off—we let one go to the State Department, he did a tremendous job, he came back, he was broadened as an individual. We immediately made him a vice president and I can assure you he would not be a vice president if he had not had that broadening experience. They did a wonderful job with him and today he is a very important individual. But we let him go. If we had had to charge it off to anything we could have charged it off properly to management, or call it executive training, if you will.

Now the businessmen say there is nothing that they can do about it, nothing that they can do about politics. I want to tell you another thing that they can do.

Down there in Chicago (and when you take a congressional district in the city of Chicago I will challenge anybody to find a worse congressional district anywhere in the United States) there is a businessman who finally said, "I'm sick and tired, around the lunch table, of having people criticize their government and I'm going to do something about it." And he got 15 of his pals together for luncheon and he asked them to join him as an individual.

They sat down and they said, "Well, now if you go into politics why isn't it just like going into business? After all, we have a product, our product in politics is a candidate. If we have a candidate, how are we going to sell that can-

didate. We've got to sell our product." So they hired themselves a salesman and the salesman went out and hired himself some part time salesmen to work at night and on Saturdays and on Sundays. They said they had to have public relations and advertising but they knew how to do all of those things, so they made their contribution. It was all done anonymously to keep the businessman out of it because he didn't want his name connected with that particular enterprise.

But do you know what happened in Chicago? You won't believe me, it's so phenomenal. They took the worst congressional district, they got a candidate, they sold their candidate the way we sell products in American free enterprise. Did they have him elected? Why, of course they had him elected and over the past five years, believe it or not. Then they took on the next worst congressional district they could find. They've got eight of them now and they added a state legislature—138 men selected and how many do you think elected? One hundred thirty-three out of 138 men have been elected and you businessmen tell me there is nothing you can do about government if you don't have the kind of government you want.

You've got the kind of government you deserve. There is something you can do about it. Let's resolve that we will do something about good government.

Then for just a minute in this third area—and I could have talked a lot longer in the other one—but in the third area, the area of our social responsibilities and our social problems, and more specifically (I will only mention just for a minute) the moral concepts that should be a part of our everyday philosophy, the things that we think in our relationship to people.

I'm not the one who should probably talk about it because until four years ago I thought I was such a great guy that this old brain of mine could solve any of the problems that faced me, that I could cope with all of the tremendous problems that were developing and I tried to figure these things out; and I got so confused that I decided finally I had to go elsewhere and I decided to go to church.

For the first time in my life I found that spiritual guidance. I found it as a lot of other people have found it. A lot of other people we've seen in these United States with a 25 per cent increase over the past 10 or 15 years. In our population we've seen 13 per cent increases; we've seen 25 per cent increases in church membership.

Why is it? I think the people of this world, the people of our country are beginning to realize, as I realize it, that there is only one possible deterrent to the atheistic and communistic mind in the world today and that is the return to spirituality and morality among the people of that world.

We could worry about all this tremendous and military strength, the hordes of people massed against us, but why don't we (and I hate to use this word in connection with religion, but I have to use it because we know how to use it,) why don't we do a little better job of propagandizing the thing that is common to all people? Ninety-nine per cent of the people I believe in this world today want one thing; and if there is any encroachment and if there is any attempted encroachment upon it, I think they are going to resent it and I think they'll band together. And of course that thing is so simple—that's the right to worship as they please. And if we talk about it, we can sell it as Americans because we've sold everything else.

We go to Europe and we take all these materials and then we're critical of the world because they don't appreciate. But should they appreciate when material things have been constantly wiped out by wars in the past throughout history.

Why don't we give them something that they can believe in, some of the things that are spiritual? Those can't be taken away from them. Why don't we spend a few of our dollars on rebuilding their churches and museums and of course their universities and their schools and those things? Those are things that they can hold on to. Then I think there would be a greater appreciation for this Unit-

ed States in its attempting to help the people of the world and to maintain its position of leadership in the world.

In closing, ladies and gentlemen. I would only ask that you accept with me one basic philosophy. It's been a philosophy of mine for all these years and I'm still relatively a young man, and that's the philosophy which says that there is no problem that is too great for the scope of man's human mind. If that mind up here will only accept it as its own problem, try to find its own solution, resolve that it will do something about that problem, rather than to be so blame content to blame everybody else in the world for our ills.

And that's what we do. We walk up and down the streets of our communities and complain about this and about that. Most of it is about Washington. We stop right on the corner, take out the old shovel, shovel the rest of our problems onto Washington and continue our parade.

Now, until the last election, I never voted right, so you know what my particular political affiliation is. I never voted right, but I can tell you one thing. I joined the old Democratic party and I have espoused its cause from now until the day I draw my last breath. If I could only get the Democrats or the Republicans or somebody to go back and take that old Democratic platform that they used to have and take one particular plank out of it and polish it up, and throw all the rest of it away.

What am I talking about? I'm talking about the plank on decentralization. Why don't we bring our problems back to our communities, back to our banks, back to my insurance company, to all of our other business organizations, bring it back to our homes and take care of those problems where they can be solved. Bring a lot of them back to St. Paul and take them up here in your State Capitol and solve them.

Thank God for the State Legislature in Indiana that said not so long ago, "We're sick and tired of sending a dollar to Washington and paying out a 40 per cent brokerage fee and getting 60 cents back to do the very thing that we can do best in our own community and in our own state."

If you don't think that they believe it, look at the millions of dollars they turned down from the Federal government. They believe it. That's the thing I'm talking about. Let's bring these problems back and solve them where they can be solved. Then I honestly believe that we will have the kind of a world that you and I want to live in.

In closing, let us be resolved that we are potent individuals, that we have powers within us, powers to do things which as yet we haven't even dreamed possible. Burst out of the potentials that we have as people and look at these three problem areas that I have suggested to you this afternoon—the three important areas, funda-

mentally important areas, and lets do something about it.

It's been a pleasure and a privilege to talk to you gentlemen this afternoon.

* * *

MR. BOSS: Thank you very much, Bruce. As usual you are excellent on your feet as with everything else. We are very happy to have you here this afternoon and I am sure all of the bankers have enjoyed your talk to them.

Now we come to the final speaker of the afternoon and one it is a particular pleasure for me to introduce. As I say, we come now to our last speaker, Colonel Roswell P. Rosengren, a very good friend of mine. Ros is a native of Buffalo, New York, a graduate of Colgate University. He studied at Oxford and Cambridge, two universities in England, studied at Buffalo University Law School and engaged in the practice of law until 1941 when he entered active duty with the United States Army. While practicing law he was an instructor in law and salesmanship at Millard College in Buffalo. He also has been active in the United States Chamber of Commerce.

Colonel Rosengren has served both in the European and Pacific theatres and in Korea and was wounded while in Europe. He served as a military officer through Europe including Russia, Czechoslovakia, Germany and Austria. He has been released from the army on two occasions, only to be called back into active duty. In 1942 and 1943 he was stationed on Governor's Island engaged in studying Communistic activity and was associated with Walter Bedell Smith. He has seen Communism at its worst and will talk to you this afternoon on "What Price Freedom."

Colonel Rosengren. (Applause.)
(Colonel Rosengren's address was "off the record.")

MR. BOSS: Thank you Colonel Rosengren. It has been inspiring to me to listen to you again. I hope I have another opportunity, before as many years as it has been to listen to you again. I am sure all of our folks here enjoyed it.

* * *

Now we have a little business to conclude before we adjourn for our trip to the Prom Ballroom for the annual banquet.

The resolutions were read to you last night by the Chairman of the Resolutions Committee, Guy Bacon.

Guy, would you like to come forward and would you like to read the resolutions again or did you understand them last night; if so perhaps some one will move that we adopt the resolutions as read to us last evening by the chairman of the Resolutions Committee.

It has been moved that we adopt the resolutions that were read last evening at the Smoker Meeting.

Motion has been made and seconded. Are there any questions? All in favor say "Aye." Opposed? The resolutions as recommended by the Resolutions Committee and approved by the Council are adopted. (See page 8).

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ELECTED TO HEAD MINNESOTA BANKERS FOR THE COMING YEAR



WILLIAM G. KING
President



DONOVAN E. CROULEY
Vice President



A. E. ARNTZEN
Treasurer

Election

And now we come to the annual election of officers, in accordance with the constitution and by-laws as read to you last night by Floyd Larson, our Executive Secretary, on behalf of the Nominating Committee. I will repeat them now:

Wm. G. King, Vice President, First National Bank, Grand Rapids, Minn. for President.

Donovan E. Crouley, Vice President, Northwestern National Bank of Minneapolis for Vice President.

A. E. Arntzen, President, Farmers Merchants State Bank of Appleton for Treasurer.

R. M. Gesell, President Cherokee State Bank of St. Paul for Councilman for the fourth district.

C. J. Elsenpeter of the First National Bank of Walker for Councilman from the Sixth District.

E. L. Melin of the Oakley National Bank, Buffalo for Councilman from the Tenth District.

Does anyone care to move for the adoption of the Nominating Committee?

Mr. Nick Welle has moved that the nominations should be closed and that the secretary be instructed to cast a ballot for the nominees of the nomination committee. Is there a second to that motion? It was seconded. Any questions?

All in favor say "Aye." Opposed? The nominees are elected.

Congratulations to you, Bill, and to Don Crouley, Art Arntzen, Ernie Melin, Clarence Elsenpeter and Russ Gesell.

We won't ask them to come forward at this time. We will install them this evening at the Prom Ballroom.

* * *

Now unless someone else has something else to offer, we will

adjourn this meeting until this evening at the Prom Ballroom.

Wait just a minute, we have a good Secretary here. We have one more thing that must be done. We read last night some amendments to our Constitution and By-laws. We must act on that also. May we dispense with the reading of the amendments again?

Mr. Redding has moved that the amendments of the Constitution

and By-laws as read last evening be adopted.

Is there a second to that motion. It has been seconded. Any questions? All in favor say "Aye." Opposed? The amendments are adopted.

And now we will adjourn—see you at 5:30 at the Prom Ballroom. Buses will be leaving the Hotel St. Paul and the Hotel Lowry at 5 o'clock.

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MR. BOSS: (Shortly after head table is seated). May I have your attention, please, for a short announcement. Your banquet tickets are to be picked up by the waitresses. It will assist them materially if you will place your banquet ticket by your coffee cup. Please do that now so that they can get this over in a hurry. Put your banquet ticket by your coffee cup. Thank you.

Hobby Show Winners

(After dinner). If those who have not finished their dinner will finish quietly, at this time I would like to advise you of the winners of the door prizes at the Hobby Show and also of the winners of the awards at the Hobby Show. The awards and ribbons have already been presented, but, for your information, they are as follows:

In the Collections Division:

First Prize of \$15.00 was won by Hans G. Elguther at the Northwestern National Bank of Minneapolis.

The Second Prize of \$10.00 was won by George W. Milne of the Guaranty State Bank and Trust Company of St. Cloud.

And the Third Prize of \$5.00 was won by Miss Jeanette Rystrom of The First National Bank of St. Paul.

In the Handicraft Division:

The First Prize of \$15.00 was won by Rodney Q. Selby of the First National Bank of St. Paul.

The Second Prize of \$10.00 was won by Julian B. Baird of The First National Bank of St. Paul.

And the Third Prize of \$5.00 was won by L. F. Princell of the First National Bank of Minneapolis.

Our most hearty congratulations to all of these winners.

The Hobby Show judges were: Miss Lenore Linehan, Supervisor, Arts and Crafts, St. Paul Public Schools; Paul Light, Columnist, "Once Over Lightly," St. Paul Pioneer Press; Arsene Nakashian, Nakashian's Galleries.

And now for the door prizes of \$5.00 each:

Carl W. Beireis, Cashier, Dodge Center State Bank, Dodge Center, Minnesota.

Styrk Omlie, Assistant Cashier, First National Bank, Minneapolis.

Mrs. Roy Simms, St. Michael, Minnesota.

Mrs. A. W. Edman, Chisago City, Minnesota.

H. H. Peyton, Chairman of the Board, Pioneer National Bank, Duluth.

Congratulations to all of you, and thanks to Bun Knopp and his committee. I hope the Hobby Show becomes an annual feature at our conventions.

Banquet Guests

At this time I should like to introduce the guests at the head table. First I understand that protocol dictates when a king and queen are in your presence that they should be presented first.

I am sorry that the Prime Minister is not here tonight. He is Peter Hirsch of DeLuxe Check Printers. Pete has been with the King and Queen the past several days at the Portland Rose Festival and returned from there with them this morning, but unfortunately he had to proceed on to Cleveland in the interests of the DeLuxe Check Printers and therefore is unable to be with us tonight.

It is now my great pleasure to present King Boreas XVIII of the St. Paul Winter Carnival, who is none other than Walter V. Dorle, President of the Northwestern State Bank of St. Paul. King Boreas XVIII.

KING BOREAS XVIII: Thank you, President Wally. It is a pleasure to be here tonight representing not only my own bank but also the St. Paul Winter Carnival. I have two queens with me tonight, and first I would like to present to you my queen of long-standing, my wife Evelyn, and Queen Mary Lou of the St. Paul Winter Carnival.

And now, if President Wally and Vice President Bill King will step over here, I would like to make them knights in my court. I don't know just how they are going to get down on their knees here, but that must be done so down on your knees please.

(King Boreas then knighted President Boss "Sir Deposed Bossman of the Bankers" and Vice President Bill King "Sir Bank King of the Realm of Minnesota" and read the royal decrees to the audience).

MR. BOSS: Thank you very much, King Boreas XVIII, Queen Mary Lou, we are honored indeed to have you as our guests this evening, and Bill and I are both grateful for having been made knights in your court.

And now I must hurry along with the introduction of our guests. On my immediate right is Bill King, whom you elected your President this afternoon. You will hear more from him later.

And the boss at my house, my lovely wife Charlotte, to whom I owe a real debt of gratitude for her understanding cooperation throughout the year.

And, passing over the Royal Party, Mrs. Don Crouley, wife of the now Vice President.

And Mr. Charles W. Alden, Supervising Examiner of the Federal Deposit Insurance Corporation in this district.

And Mrs. Charles Wenzel, wife of the Commissioner of Banks in Minnesota.

And our Treasurer, Art Arntzen, who was re-elected for another year this afternoon.

And Mrs. Julkowski, wife of our General Counsel.

And Elmer Volkenant, my associate at the bank, who has done such a grand job as General Chairman of this convention. Elmer not only has had the full responsibility for the convention arrangements, but he also has been doing most of my work at the bank during the year so that I could be more free to give some of my time and efforts to the affairs of your association. Elmer, I appreciate very much everything that you have done for me during this entire year. Without you I would have been sunk.

I would appreciate it, Elmer, if you would introduce to the audience at this time the chairman of your convention committees. (Elmer introduced the chairmen of the convention committees).

Thanks very much, Elmer, and thanks to your entire committee. You have done a grand job.

And now I would like to introduce Mrs. Floyd Larson, wife of our Executive Secretary.

And Don Smith, Chairman of our Convention Entertainment Committee, who was introduced to you by Elmer.

And now, on my left, Willow King, the wife of our new President.

And Don Crouley, your new Vice President.

And Mrs. Charles Alden, wife of the Supervising Examiner of the Federal Deposit Insurance Corporation.

And Charlie Wenzel, Commissioner of Banks in Minnesota.

And Florence Linden, our Assistant Secretary. Florence is another one I couldn't have done without. Believe me, we are most fortunate to have her in our office.

Before I go on with our next head table guests I want you to meet the rest of the team in the office—Pat Perl and Ruth Engler out here at the table in front of me. Believe me, they are a real team and work like beavers.

And now, our Chief National Bank Examiner, Cy Upham.

And the wife of our Treasurer, Mrs. Arntzen.

And our General Counsel, Ray Julkowski, who has been more than busy this year with all of our activities.

And Mrs. Volkenant, wife of our General Chairman.

And Mrs. Smith, the wife of our convention Entertainment Chairman.

And next to Mrs. Smith, Mr. Tom Boright, Publisher of the Commercial West. Tom always gives the activities of the Minnesota Bankers Association real

prominence in his fine magazine, and we are most grateful to him, Tom, Jr., Bob Schwab, and the others in the office for their excellent cooperation and sincere interest in our affairs.

And the last one at my far right, our Executive Secretary, Floyd Larson. I'm afraid I have been a tough taskmaster on Floyd, Florence, Pat, and Ruth, but they came through with flying colors every time. I am sure you know that the job of the Executive Secretary is a difficult one at best, and having to serve a new president every year with new ideas and still keep the organization going forward harmoniously is not easy, but Floyd has done this and done it well. Floyd, I have enjoyed working with you, and I thank you for your patience in working with me.

And now, at the tables in front of me, the members of our Council of Administration and their wives. I'll start with the middle table, the Class of 1955, and ask them to stand quickly. Mr. and Mrs. Lee Everett, Mr. Bill Gray, Mr. and Mrs. Herman Hamre. Sorry Mrs. Gray could not be here.

And now at the next table, the Class of 1956. Mr. and Mrs. Al Haakenson, Mr. and Mrs. George Henry, and Mr. and Mrs. Bob Howe, and Ben Berg. We are sorry, Ben, that your wife could not be with us this evening.

And now we say adieu to our Class of 1954 and our past president, Guy Bacon, who will retire from the Council at this convention. Mr. and Mrs. Guy Bacon, Mr. and Mrs. Jiggs Amundson, Mr. and Mrs. John Griep, and Mr. and Mrs. Oscar Olson, Sr. Thanks very much. It has been a privilege working with you during these past three years. We will all miss you at our Council meetings and want to thank you sincerely for your fine service.

Officers' Instalation

And now that we have cast off the old, we take on the new—the newly-elected Class of 1957. Mr. and Mrs. Russell M. Gesell, Mr. and Mrs. Clarence J. Elsenpeter, and Mr. and Mrs. Monty Melin.

And now if the gentlemen named will come up to the head table, our Executive Secretary will pin the badges of office on you.

There, now it's official. Congratulations to you. Please be prompt for your first Council meeting in Room 234 at the St. Paul Hotel tomorrow morning at 7:30.

And now if Don Crouley will come to the rostrum, please, I would like to pin the Vice President's badge on him.

Congratulations, Don, wouldn't you like to say a word at this time.

MR. CROULEY: I appreciate very much the honor which you men have given me—not only today but on past occasions—and I shall do my best to justify that compliment by working with your officers for the best interest of all members of the Association.

ON THE COVER

No convention, it seems, would be quite a convention without a banquet. And, just as traditionally, no banquet would be quite complete without a head table. Like Topsy, however, the head table at the Minnesota Bankers Association conventions has just "grewed." Grewed, that is, until it reached proportions of a minor sized convention in itself in St. Paul a fortnight ago.

Shown on the cover this week is just the center portion of the long, double-tiered head table where sat the notables of present-day Minnesota banking.

Thank you, Don. And now we come to the grand finale. Your new President, Bill King, Executive Vice President of the First National Bank of Grand Rapids. Bill, it's a real pleasure for me to pin the President's badge on you. You have shown a real interest in the affairs of the Association during your year as Vice President and have given me 100 per cent cooperation and support. I feel you are well indoctrinated in the work of the Association and am confident you will have a very successful year. My very best wishes to you.

Now, just a minute. That's my gavel. You get one of your own. Here it is—brand new and ready for work. Try it out.

PRESIDENT KING: Thank you, Wally. Ladies and gentlemen, I do appreciate this honor you have bestowed upon me. It is indeed one of the big highlights in my life. To you, Wally, you have done a marvelous job this past year. I do not know that the members of the association will ever realize how much time, effort, and work you have given the association during this last year. I know you did not do it for praise, but for your own love of banking and the association.

Congratulations on a job well done. I earnestly hope I will be able to accomplish as much during my year in office. Many of the projects that you started this last year, I intend to carry on.

Wally, let's take a minute to get you and your good wife, Charlotte, up to the rostrum. Charlotte, you must have been a very patient wife to put up with Wally's being gone from home practically all year. Because of this, the Minnesota Bankers Association wishes to present to you, Wally and Charlotte, a small remembrance for all the time, effort and sacrifices you have both given the association this past year.

(Mr. King presents silver serving trays).

MR. BOSS: Thank you, Bill, and the Minnesota Bankers Association. This is marvelous and will serve to remind me in the years to come of the grand group that you are and how much fun it was serving as your president. I appreciate it very much. I see that my wife has her eyes on it already, and I wouldn't be at all surprised if she

knows just where she is going to put it. Thanks a million.

PRESIDENT KING: I would like to announce at this time that the Commercial West, through the efforts of Tom Boright, is having a series of broadcasts over WCCO at 9:15 every Tuesday evening for the next several weeks.

Tonight Tom Boright has agreed to devote this radio time to the Minnesota Bankers Association. Thanks, Tom and your Commercial West. This is an example of how the organization cooperates with the Minnesota Bankers Association. Tom, will you rise for a minute so that we can give you a big hand for the splendid cooperation.

(The WCCO broadcast was relayed over the Prom loud speaker system.)

I am told that we have some excellent entertainment in store for us now and I am going to ask Don Smith, chairman of the Entertainment Committee to introduce the entertainment."

MR. SMITH: Thanks, Bill, I am really sold on the entertainment we have for tonight, and I am sure you're going to like it too. The first number will be the lovely ladies from the Minnesota Mining & Manufacturing Company, who will sing for us under the direction of Jiggs Amundson's brother, Edwin G. Amundson, and they will be followed by the Minnesota Mining Men's Chorus, and then both choruses will join in the finale. Mr. Amundson and the Minnesota Mining & Manufacturing Company choruses.

(After the singing). I knew you would like that. Aren't they wonderful?

And now I am going to turn you over to the Master of Ceremonies for the remainder of the entertainment program. Mr. Howard Hardin.

(Following show.) Thank you, Mr. Hardin. That was a wonderful show.

Now there will be a short, ten-minute break while we remove the tables from the floor and get ready to dance to the music of Jules Herman and his orchestra. We urge you to stay for the dancing as we know you will enjoy his music. The Arizona Room is open downstairs, and those who wish to occupy the booth section upstairs while the tables are being cleared may do so. Bar service is available on the east side of the floor and also in the Arizona Room. Playing cards are available in the Arizona Room for those who wish to play cards.

For those who want to return to their hotels downtown, buses will leave from in front of the Prom at ten o'clock and every hour thereafter.

Thanks very much, Bill.

MR. KING: Thank you, Don, and Elmer, and the entire convention committee. It has been a grand evening. The 64th Annual Convention of the Minnesota Bankers Association is adjourned.

St. Louis Park Group Cites Need For Second Bank in "Boom Town"

NOW Minnesota's fourth largest community and still growing, the village of St. Louis Park finds that among its many growing pains is the need for a second bank. Even discounting the Park's phenomenal growth, incorporators of the proposed Park Valley State Bank feel that natural barriers within the village make a second bank a natural, too.

With that in mind, a group of nearly 20 interested persons met with the Minnesota Commerce Commission in St. Paul Wednesday to present their case.

According to the incorporators' application the bank, to be located in the Knollwood Plaza Shopping Center, Texas Ave. and Highway No. 7, would have capital of \$100,000; surplus \$20,000 and undivided profits \$20,000—a total of \$140,000. But during the hearing they reported that they would boost the

figure to \$200,000 in order to be eligible for FDIC insurance.

Principals in the morning's questioning were the proposed president, Herman J. Bolmgren, a department manager at Munsingwear, Inc., Minneapolis, and John Louis, a proposed director, now a public relations man and secretary St. Louis Park Chamber of Commerce.

From their statements the following reasons for a second bank emerged:

1. New industries and families are still swelling the community's commercial and population figures. The Park now has 35,293 residents and a number of varied industries and businesses.

2. The railroad tracks passing through the Park bisect the area and constitute a natural trade barrier. Citizens State Bank of St.

Louis Park is in the northern portion; Park Valley would be in the southern section, about three miles away.

3. Because of this barrier, many residents do their banking in downtown Minneapolis. A second bank, easily accessible, would be of great value to the community.

Other incorporators to appear were: Francis Edey, Edey Co., manufacturers representatives, proposed vice president; S. Earl Ainsworth, St. Louis Park, county commissioner; and R. N. Reudlinger, St. Louis Park nursery man.

Attorney for the incorporators is George A. French, Minneapolis.

Managing officer would be Walter Zastrow, who has been in banking business around the Twin Cities for several years and, as reported in Commercial West, recently sold his banking interest at Lake Benton, Minn.

There was no opposition to the application.

The hearing lasted until mid-afternoon. As it was adjourned the Commerce Commission announced it would take the application under advisement.

Minneapolis' Northwestern "Broadcasts" Northwest Story in Pages of TIME

"The Northwest is Booming."

That's the message the Northwestern National Bank of Minneapolis is broadcasting to 1,800,000 family-readers of a national news magazine beginning next week in a carefully planned campaign to attract new business to this area.

The series, it is believed, is the first campaign of its kind ever sponsored by a bank in a national publication to tell the story of a region.

"We all have a right to be proud of this booming region, its people, its natural resources and its wonderful business opportunities for industries both large and small," states Joseph F. Ringland, president. "More industry means more money, better living for you and this entire growing community."

First ad in TIME will be a full-page ad in the issue of July 12, which is on the newstands and delivered in the homes July 8. The ad is titled, "Flax safeguards this high steel highway," and discusses the flax crop as an important factor contributing to the region's economic health.

The ad states, "Yet flax is but one of the Northwest's many industries. To a man with an eye on the future, the region is remarkable for its natural and human resources, its basic stability...

and its healthy business climate."

Forthcoming ads in the continuing series will deal with other natural and human resources in which the area abounds.

In selecting TIME, the bank carefully considered the publication's readers as people of influence in every line of business. The bank believes that this readership includes the decision-making people who can take action on the series' invitation to do business in this thriving area.

(Editor's Note: This ad will be reproduced in Commercial West next week as part of an attractively illustrated four-page insert.)

Wisconsin Group One Plans Summer Outing

Group I of the Wisconsin Bankers Association will hold its seventh annual mid-summer get-together at the Tee-Away Lodge at Ladysmith July 14 afternoon and evening. This will be a stag affair with a wide variety of entertainment, reports Fred Patchin of Spooner, president.

There will be the annual handicap golf tournament on the golf course located on the banks of the Flambeau River. The Commercial West golf trophy was won last year by L. J. Snoeyenbos of the

First National Bank, Baldwin, and Group I trophy by Hugh Cullen. Golf foursomes will begin teeing off at 10:30 a. m. and will continue through 3:00 p. m.

There will be horseshoe pitching, cards, et cetera, for those who do not play golf. A large spacious club house is available overlooking the river and the golf course for those who wish to visit and relax. Noon lunches will be available for all those present.

Robert Pillsbury Joins Naegele Advertising



Robert K. Pillsbury, First National Bank of Minneapolis, will join Naegele Advertising Co., Minneapolis, August 1 as an account executive for the outdoor advertising firm.

Joining the bank in 1938 as a messenger, Pillsbury traveled the Northwest for several years while with the investment department. He served in the Eight Infantry Division, for four years during World War II.

It Pays to Advertise in Commercial West

Montana Bankers Elect J. F. Kumpf; Michiganders Tap H. H. Gardner

BANKERS of Montana and Michigan held their conventions last week on the same days and at famed resorts, Montanans were at Many Glacier Hotel in Glacier Park and Michiganders at Grand Hotel, Mackinac Island.

Both conventions are famed for their social aspects as much or more than any other two bankers' association conventions in the country and this year was no exception. The entire proceedings of the Montana convention, of course, will appear this year during July in Commercial West with exclusive pictures by the staff photographer.

New president of the Montana association is Jack F. Kumpf, president Farmers State Bank, Conrad. He succeeds B. Meyer Harris, president Yellowstone Banks at Columbus and Laurel. From second to first vice president was the move made by J. J. Burke, president Metals Bank & Trust Co., Butte. Newly-elected second vice president is E. F. Galt, chairman First National Bank, Great Falls.

Herbert H. Gardner, in Michigan banking for nearly 48 years, was advanced to the presidency at this 68th Wolverine convention. He succeeds Rex P. Teeters, president Shiawassee County Bank, Durand. President Gardner is president Birmingham National Bank and chairman Ferndale National.

Russell B. McAfee, president Commercial Savings Bank of Adrian, was promoted to first vice

president. Other Michigan officers elected at the Island will be announced in a later issue.

* * *

Montana's 25-Year Club bankers advanced A. T. Hibbard, president Union Bank & Trust, Helena, to the presidency, succeeding Axel Nelson of Sidney. First vice president is now Brooke Hartman of Bozeman, with Frank Sauer, president Montana National of Billings, the new second vice president. Al V. Appelgren remains as perennial secretary-treasurer of the famed club in the Treasure State.

Open House July 10

The First State Bank of Wyoming, Minn. was 40 years old June 11. "Due to vacations" says M. K. Giese, cashier, "we were unable to do anything special that day but will have an Open House Saturday afternoon, July 10 from 2 to 5 o'clock. We hope that all of our customers and friends will come in and visit us that day. We plan to serve a nice lunch for everyone who comes.

"E. R. McClintick, who organized the bank in 1914, is our president and takes an active part in the operations of the bank. Our people have been wonderful to us through the years and we really appreciate the opportunity to do something of this kind for them."

First National Bank, St. Paul, Introduces New "Double-Dollar Savings" Account

THE First National Bank and the four neighborhood First Banks of St. Paul have introduced a new type of bank savings account under the name of "Double-Dollar Savings," which features a "two-for-one" plan.

Announced as an advance step in modern banking and an addition to the banking services of the First Banks, the Double-Dollar Savings account is a regular bank-savings account plus the Double-Dollar feature.

Deposits and withdrawals may be made as desired, as with a regular savings account. The difference

is that every dollar in the Double-Dollar Savings account, up to the first \$1,000, is matched with an additional dollar if the person in whose name the account is held, dies.

For example, if \$300 had been saved the account would be \$600; if \$1,000 had been saved the account would be credited with another \$1,000 and would be \$2,000.

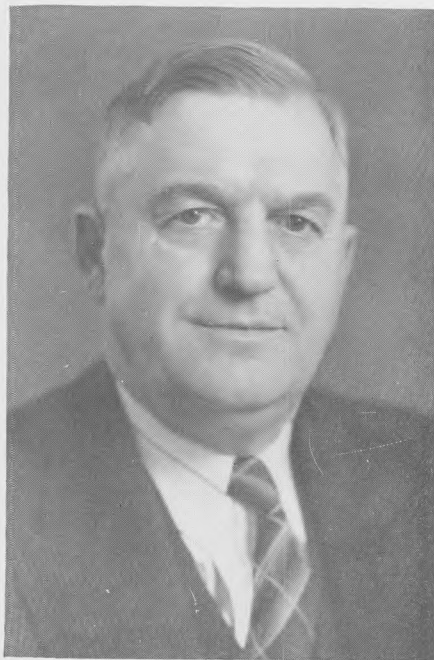
The Double-Dollar account earns slightly less interest than a regular savings account.

Anyone from age 1 through 55 may have a Double-Dollar Savings account, and the Double-Dollar feature remains operative to age 60.

Present savings account customers in First Banks of St. Paul may change their accounts to Double-Dollar Savings by applying in person at the same bank. Anyone who does not have a savings account in one of the First Banks, may open one by applying for it at the First Bank of his or her choice.

Double-Dollar Savings was first announced on June 19. Although it is too soon to predict results, the First of St. Paul reports encouraging early public acceptance of the new plan.

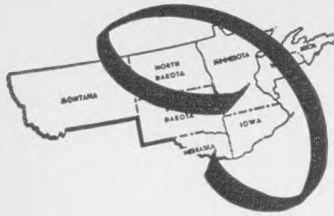
W. G. Kirchner, Sauk Centre, Minn. assistant secretary Independent Bankers Association, together with John Cadwell, cashier Community State Bank, Bloomington, Minn., and Bob Warzetha, assistant vice president Richfield State Bank, recently spent 10 days at Reindeer Lake, Minn. on a fishing trip.



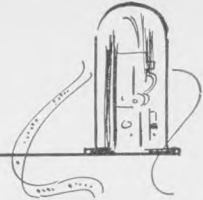
J. F. KUMPF



HERBERT H. GARDNER



Investments



AHEAD OF THE MARKET with WALL STREETER

THE latest move by the Federal Reserve fits in nicely with the determined efforts of the Administration to maintain a prosperous economy in this year of Congressional elections. Lowering of the reserve requirements for commercial banks creates a potential new lending power of \$9 billion.

An easy money—cheap money program is the chief weapon being utilized to defend against any fur-

ther slump in business. In all likelihood, it will be effective and we expect an improving business picture in the latter half of the year.

It is only natural, with the market moving strongly ahead to the highest level since 1929, that comparisons be made between conditions of today and that earlier period. A comparison of the financial background as made by Ben Wooten, president First National Bank of Dallas, is particularly interesting.

"In 1929 the federal debt was only \$16.9 billion. Today it is almost \$275 billion. Interest charges alone on our present debt are about \$6 billion. The entire federal budget in 1929 was only \$3.3 billion. In the debt and in the cost of government you find a condition making it imperative that the nation's economy operate at a high level.

"The U. S. government derives close to 80 per cent of its revenues from taxes on corporate and personal incomes. Any decline in income must of necessity be reflected in an even proportionately greater decline in Federal revenues which would force additional deficit spending."

Here, according to Wooten, is one of several circumstances that argue against any serious business recession. It could also be said that it is indeed unusual for a banker to see in a tremendous debt and interest charge a reason for continued prosperity. But it is a realistic viewpoint to say the least and one in which we are in thorough agreement.

In recent sessions the market has continued to show consistent strength with both the Dow Jones industrial and rail averages making new highs. Concrete signs of a business improvement could easi-

ly bring a broader public participation and higher prices. This would apply to many of the stocks that have been more or less dormant during the past six months.

Not long ago an actual count showed that 60 per cent of the stocks on the New York Stock Exchange were selling below their 1946 highs. At that time the top figure in the Dow Jones industrial average was 212—today it is 332. This has been and continues to be a very "choosy" market.

However, if enthusiasm for stocks should increase sharply from current levels it would seem reasonable for the conservative investor to start paring down some of his holdings.

* * *

Several weeks ago we commented at some length on the outstanding prospects for the electronic industry. Moreover, it appeared that this industry's current large participation in the defense program was being overlooked. **Radio Corp., Motorola, Tung-Sol Elec. and American Bosch** were recommended. They still appear to be attractive for investment in a field that has a great future.

* * *

In contrast to the strength in electronic stocks there has been definite weakness in the drug and pharmaceutical issues. Severe competition in some of the antibiotics continues a squeeze on profits. However, this group should also

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Black Building
Tel. 2-2441

★ MINOT

209 S. Main Ave.
5-1111

★ EAU CLAIRE

211 S. Barstow St.
Tel. 4142

★ DULUTH

Torrey Building
2-3344

★ GRAND FORKS

101 Security Bldg.
Tel. 4-4258

★ SIOUX FALLS

109 S. Main Ave.
Tel. 4-5861

WAYNE HUMMER & CO.
CHICAGO

MEMBERS
NEW YORK STOCK EXCHANGE

RIDE TO A PROFIT IN WHEAT FUTURES!

Be in the market all the time and on the right side for the long movements up or down.

ACTION LINE ADVICES 1949 thru '52 gave traders an average net profit per year of 22½¢ per bushel. Send today for descriptive folder.

J. W. GOLDSBURY COMPANY

811 MARQUETTE AVENUE
MINNEAPOLIS 2, MINNESOTA

provide some excellent opportunities for long range accumulation.

Parke Davis, a quality issue with a record of dividends since 1878 sells now at 31, less than half of its high of a couple of years ago.

Pfizer, at about the same price, has a record of phenomenal growth that is being interrupted only temporarily. It should be worth buying at this level well down from a high of 46.

* * *

Until the steel industry and the unions come to a contract agreement there is a little added risk in the steel stocks. However, they continue to do well in the market, attracting buyers who look at the good earnings that are reported when the industry is operating at 70-75 per cent of capacity, and anticipate some bulging profits on any general increase in production.

U. S. Steel common is still a good choice at 48 where it provides a plus 6 per cent return.

Youngstown Sheet and Tube at 44 has been mentioned repeatedly in this column during recent weeks. It appears to be behind the market with a sound earning power partially obscured by the fast depreciation of properties certified as defense necessities. At its current price the yield on Youngstown common is 6.8 per cent. The 1954 high on this stock was 59.

In a more speculative classification, **Wheeling Steel** common sells at 35½, also well below the 46½ high in 1951. Earnings at 48 cents a share for the first quarter were short of the 75 cent quarterly dividend requirement, to account for the relative weakness. However, it would take only a slight shift for the better in steel operations to put this efficient operator in a substantially improved profit position. The yield from the \$3.00 annual dividend is around 8½ per cent.

* * *

Among the railroads we would still go along with previous recommendations. **Rock Island** common at 71 pays \$5.00 to yield over 7 per cent. Earnings are depressed from last year's level but should amount to double or more the dividend requirement.

Northern Pacific common now sells at 57, also well down from the 95 high of a couple of years ago. Yet the same factors that contributed to this previous rush of buying continue to operate in this road's favor. The development of

oil production in the Williston Basin is proceeding more slowly than anticipated and is probably more costly than originally expected. But there is no evident reason to change estimates that over a period of years a substantial oil production will give a big lift to N. P. earnings. We expect to see this stock selling well over \$100 a share.

* * *

Allied Mills common is a stock that should interest the investor who wants to take a conservative position yet receive a worthwhile dividend income. The stock sells at 32 with the dividends for the fiscal year ending June 30 amounting to \$2.25 a share to provide a current yield of 7 per cent. This dividend is a bit higher than the \$2.00 paid in the year before. It is well below the \$2.85 average distribution for the previous 10 years.

Earnings for the year now ending are estimated at \$3.60 a share to extend a long record of profitable operations. And this is no small operation as last year's sales of livestock animal, poultry feeds, along with other products derived from processing soybeans and alfalfa amounted to \$96 million.

Finances are in good shape despite substantial outlays in recent years for new and modernized plant and equipment. There are no bonds or preferred ahead of the 792,000 shares of common outstanding. Book value per share is \$40.

National City Assigns Gross to Middle West



GROSS

Henry McC. Gross, Jr., was appointed an assistant cashier at the regular meeting of the board of directors of The National City Bank of New York June 15.

Gross is assigned to the Middle Western District of the bank and travels the states of Minnesota, Wisconsin and the city of Chicago.

Frank C. Rathje, Jr. has been elected an assistant cashier in the commercial banking department Continental Illinois National Bank & Trust Co., Chicago.

Northwest Stocks

The following bid and asked prices are obtained from the National Association of Securities Dealers, Inc., and other sources. They do not represent actual transactions; they are intended as a guide to the approximate range within which these securities could have been sold (indicated by the "bid") or bought (indicated by the "asked") at the time of compilation.

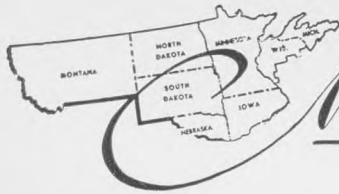
JUNE 30, 1954

	Bid	Asked	Previous Week's Bid
American Hoist & Derrick	14½	15½	14½
Anchor Casualty	28½		28
Bank Shares "A"	19½	21	19½
Brooks Scanlon	38		38
Doughboy Industries	11	12½	11
Economics Lab	11½	12½	11½
Filbert Corporation	4%	5%	4%
First Bank Stock	28½	30½	29
Flour City Orna Iron Com	7½	8	7½
Forman Ford	1½	1½	1½
General Trading Company	21½	23½	21½
Green Giant Canning Co. B	17½		17½
Green Giant Canning Co. pfd.	100		100
Int. Ref. Com.	2½	2½	2½
Int'l Ref. 5½-61	85	89	85
Investors Divers. Services A	36½	39½	38½
Kahler Corp. com	29½	31½	29½
Lavoris Co. com	72		72
Lithium Corp.	23½	24½	21
Mc Quay, Inc., com	6	7	6
Mc Quay, pfd.	14		14
Marshall Wells Pfd.	135		105
Marshall Wells com	254	270	254
*Mpls. Brewing	5%	6	6
Mpls. Gas Light Co. 5½% pfd	107½		107½
Mpls. Gas Light 5.10% pfd	105½		105½
Mpls. Gas Light Co. 5% pfd	103½		103½
Mpls. Gas com	24	25½	24
M & O Paper	36½	38½	36½
Minn. Valley Nat. Gas	14%		14%
Mont. Dak Util Pfd.	92	96	92
Munsingwear, Inc. Pfd.	18	19	18
Murphy, A. A. & Co., 6%	49	52	49
North American Royalties	5	5½	5½
North Greyhound Pfd.	76		76
North Greyhound com	23		23
*N. W. Banco	47%	48	47½
N. W. Banco pfd.	59	62	59
N. W. Fire & Marine	26½		26½
N. W. Nat. Life com	42½	44½	47½
Northwest Paper Com	31½		31½
N. W. Plastics	9½	10½	9½
N. W. Pub. Svc.	14%	16½	15
Otter Tail Pfd.	76		76
Otter Tail com	26½	27½	26½
Powell River Co. Lbr.	34½	36	34
Red Owl com	16½		16½
Russell Miller Milling pfd	93		93
St. Paul Fire & Marine	42½	45	42½
St. Paul Stockyards com	14	15½	14
Strutwear	3%		3%
Super Valu com.	16½		16½
Super Valu 5 pfd.	45		45
Super Valu 5.4 pfd.	53½		53½
Superior Separator pfd	17	19	17
Texota Oils	4%	5%	4%
Title Insurance Co. com	28		28
Toro Mfg. Co. com	21		21
Twin City Fire Ins. Co. com	13%		13%
Weyerhaeuser Timber com	82%	85%	81%

*Listed on Midwest Stock Exchange

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Municipal FINANCING



MANSKE

JUNE turned out to be one of the more important months in the municipal bond year calendar as it marked a distinct turn for the better, not only from the

standpoint of firming price trends or lower yields but also from the general all around degree of confidence and optimism enjoyed by almost all those associated with the municipal business.

Just about everyone seems to agree that the general tone of the market is the best since last winter. This development came about mainly through the prompt placement and widespread demand for \$300 million New York Thruway revenue bonds which gave a decided lift to the market around the middle of the month.

Other factors operating in this picture to make for bullish sentiment include the lowering of bank reserve requirements and the fine reception accorded \$119,210,000 housing authority bonds.

Another important market factor is that the huge supply of new offerings on the national market which were somewhat of a mental stumbling block to the trade has now been taken care of and, with the 30 day potential supply of new issues down sharply to around \$137 million, a more optimistic outlook prevails, in general.

Most municipal experts feel that for the balance of the summer months the amount of new financing will be somewhat below average now that the huge king size issues are out of the way.

Secondary market municipals

By Stanley R. Manske

*Secretary-Treasurer
Northwestern Municipal Association*

excluding new housing bonds advertised in the "Blue Sheet" totaled around \$137 million at the end of the month compared to approximately \$250 million at the start of the month.

Several of the prominent and more popular turnpike issues showed improving price trends during the last half of June and, while the technical factors affecting the general municipal price structure may have been significant in this development, it seems apropos to point out that with tolls through the years running far ahead of original estimates, bond retirement of the Pennsylvania Turnpike System is more than six years ahead of schedule.

The Turnpike Commission announces that on June 1, 1954, it retired \$4,969,000 of the 2¼ per cent serial bonds to reduce the bonded indebtedness of the existing 327 miles system to a total of \$185,898,000. This retirement then brings the total reduction of the bonds since June 1, 1951 to \$25,602,000 of which \$19,902,000 was called for redemption ahead of schedule. Traffic, revenue and mileage showed a satisfactory increase during the fiscal year ending May 31, 1954. During the past fiscal year the toll road was used by 11,690,442 vehicles compared with 11,304,669 the previous year, or a gain of 3.4 per cent.

* * *

Twin City municipal men, long a primary market source for the distribution of State of South Dakota bonds, are following with con-

siderable interest the move on the part of that state to make it free of state debt for the first time since 1917. The state finance board has officially decided to pay \$9,156,780 in interest and principal to retire the last of \$47,500,000 worth of bonds issued in the state's rural credit farm loan venture.

The step was necessary in view of a 1953 law appropriating \$3 million for the rural credit fund provided that the State Finance Board would decide if the general fund was in a position to retire the last of the bonds. A resolution

**NOTICE OF BOND SALE
\$230,000
School Building Bonds
Independent School District
No. 18 of
Pennington County, Minn.
(Thief River Falls)**

Date of Sale: July 21 at 8 p. m.
Date of Bonds: August 1, 1954
Maturities: February 1 as follows:
\$15,000 in the years 1957 through 1970
\$20,000 in 1971

Call Feature: All bonds due after February 1, 1966 callable on said date or any interest payment date thereafter.

Financial Statement
1953 Full & True
Valuation\$10,287,722
1953 Assessed
Valuation\$ 3,044,177
Present Bonded Debt\$ 256,000
Population: 8,000 (present estimated.)
Area: 24,660 acres.

Complete detailed circular
may be obtained from

**T. G. EVENSEN
and
ASSOCIATES, INC.**

723 First Natl. Soo Line Bldg.
Minneapolis 2, Minnesota

All bankers having a buying interest in the above bonds are urged to communicate with their bond dealer.

BUY MUNICIPAL BONDS

A sound Portfolio of Municipal Bonds adds to the stability and earning power of your bank.

JURAN & MOODY, INC.

MUNICIPAL SECURITIES EXCLUSIVELY

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PRIor 6423

93 East Sixth Street
St. Paul 1, Minnesota

\$750,000 General Obligation Sewer Improvement No. 1 Bonds Village of Golden Valley, Hennepin County, Minnesota

NOTICE IS HEREBY GIVEN that the sale of \$400,000 general obligation Sewer Improvement No. 1 Bonds of the Village of Golden Valley, heretofore advertised to be held on July 13, 1954, has been canceled. In lieu of said sale the Village Council of the Village of Golden Valley, Minnesota, will meet at the Village Hall in said Village on

July 20, 1954,

at 8:00 o'clock P. M., for the purpose of opening and considering sealed bids for, and awarding the sale of, \$750,000 negotiable coupon general obligation Sewer Improvement No. 1 Bonds of said Village, to be issued under the authority of Minnesota Statutes 1953, Chapter 429. Said bonds will be dated July 1, 1954, each in the denomination of \$1,000, bearing interest at the rate or rates to be designated by the successful bidder, expressed in integral multiples of 1/4 or 1/10 of 1% per annum, payable on January 1, 1955 and semiannually thereafter on July 1 and January 1 of each year. Said bonds will be issued in two series, to be designated as Series A and Series B, in the total principal amounts of \$600,000 and \$150,000 respectively. Bonds of both series will mature serially on January in the following years and amounts:

Year	Series A	Series B	Year	Series A	Series B
1956	\$30,000	\$10,000	1966	\$30,000	\$10,000
1957	30,000	5,000	1967	30,000	5,000
1958	30,000	10,000	1968	30,000	10,000
1959	30,000	5,000	1969	30,000	5,000
1960	30,000	10,000	1970	30,000	10,000
1961	30,000	5,000	1971	30,000	5,000
1962	30,000	10,000	1972	30,000	10,000
1963	30,000	5,000	1973	30,000	5,000
1964	30,000	10,000	1974	30,000	10,000
1965	30,000	5,000	1975	30,000	5,000

Bonds of Series A maturing in the years 1971 through 1975 will each be subject to redemption by the Village on January 1, 1970, and any subsequent interest payment date, at par and accrued interest, in numerical order of serial numbers, but no bond of Series A may be called for redemption until all bonds of Series B or any other series of said issue have been paid or called for redemption. Bonds of Series B maturing in the years 1961 through 1975 will each be subject to redemption by the Village in inverse order of serial numbers, on January 1, 1960, and any subsequent interest payment date, at par and accrued interest, plus a premium of \$25 if such redemption is made on a date prior to January 1, 1965, and no premium if such redemption is made on January 1, 1965 or thereafter. Principal of and interest on the bonds will be made payable at any suitable national or state bank which the purchaser may designate. The Village will furnish without cost to the purchaser and within 40 days after award of sale, the printed and executed bonds and the unqualified approving legal opinion of Messrs. Dorsey, Colman, Barker, Scott & Barber, of Minneapolis, Minnesota, together with the customary certificate evidencing absence of litigation affecting the validity of the bonds. Delivery will be made without cost to the purchaser at St. Paul or Minneapolis, Minnesota, or elsewhere at his expense.

The total cost of Sewer Improvement No. 1 is presently estimated to be \$750,000, and therefore the Village does not expect that further bonds will be issued for the purpose of financing said improvement, which consists of a trunk sewer principally serving the northeastern quarter of the Village; however, the Village reserves the right to issue further series of bonds of said issue, if needed to finance said improvement, at such time or times and upon such terms as to maturity, interest rate, redemption privileges and other matters as it may deem expedient.

Sealed bids marked "Bid for Improvement Bonds" may be delivered or mailed to the undersigned for opening at said meeting, and must be received prior to the time of said meeting. Each bid must be unconditional except as to legality of the bonds, which may be conditioned upon the opinion of the above attorneys, and must be accompanied by a cashier's or certified check or bank draft in the amount of \$15,000, payable to the Village Treasurer, to be forfeited as liquidated damages in case the bid be accepted and the bidder shall fail to comply therewith. Bids must be submitted for all or none of the \$750,000 of bonds (Series A and Series B) above described. Bids will be preferred according to lowest net interest cost to the Village on the entire \$750,000 of bonds. No oral bid, and no bid of less than par and accrued interest will be considered, and the Council reserves the right to reject any and all bids, and to waive any informality in any bid.

A circular of bidders' information and bid forms for the bonds above described will be issued by and may be obtained from the above-named attorneys, 1015 First National-Soo Line Building, Minneapolis 2, Minnesota (telephone: MAin 3351), or from Stanley D. Kane, Esq., Village Attorney, 943 Plymouth Building, Minneapolis, Minnesota (telephone: Fillmore 6328).

Dated June 30, 1954.

BY ORDER OF THE VILLAGE COUNCIL
KENNETH W. RAHN
Village Clerk
Village Hall
7830 6th Ave. No.
Golden Valley, Minnesota

Published in Commercial West July 3, 1954

adopted by the Board to provide for the payment was announced recently by Governor Anderson.

The state treasurer reported that South Dakota has a general fund balance of about \$14 million of which about \$5 million is unencumbered by appropriations for buildings and other needs. The state will require only about \$1,500,000 of the 1953 appropriation of \$2,000,000 for the 1954-55 fiscal year for the rural credit fund. Included in the final rural credit debt

payment will be \$87,450 in current interest due and \$135,310 in premium with the state saving some \$259,920 in interest by calling the bonds on August 1, 1954, according to the state treasurer.

Some of these bonds do not mature until 1959 and are widely held by commercial banks in the Ninth Federal Reserve District.

* * *

Village of Golden Valley, Minn. has decided to sell \$750,000 general obligation sewer improvement

No. 1 bonds July 20 at 8 p. m. cancelling the sale of \$400,000 general obligation sewer improvement No. 1 bonds originally scheduled for July 13. The new offering will consist of two series—Series A in the amount of \$600,000 and Series B in the amount of \$150,000. Both series will be dated July 1, 1954 and mature serially January 1, 1956 through 1975.

* * *

Chief attraction in the Upper Midwest market the past week is the offering of \$1 million school building bonds of Independent School District No. 6 of Crow Wing County, Minn. (Brainerd) maturing October 1, 1956 through 1975 awarded at a 2.349 per cent net interest cost for a 2 per cent interest coupon for the years 1956 through 1965; 2.40's for 1966-68 and 2½'s for 1969-75. The second place bidder had a 2.38 per cent net interest cost.

Reoffering prices produced a yield of 1.10 per cent in 1956 to 2.50 per cent for the years 1973 through 1975. The bonds due 1964 had a yield of 1.90 per cent. An excellent reception was reported for the issue indicating the firm, strong demand prevailing for prime grade credits.

The account purchasing \$407,000 Village of St. Louis Park, Minn. improvement bonds having a 2½ per cent coupon for the years 1955 through 1964 and 2¾'s for the balance out to 1967 and the \$123,000 improvement issue due 1955 to 1964 at a 2.40 per cent rate indicated a good demand on a price scale ranging from a 1.40 per cent yield for 1955 to 2.50 per cent for the 1964 maturity and 2.70 per cent for 1967 bonds.

Village of Spicer, Minn. sold \$195,000 general obligation sanitary sewer and disposal plant bonds due 1957 through 1974 at an average net interest cost of 3.29 per cent. It is reported that the reoffering ranged from a yield of 2.50 per cent to 3.10 per cent. Another bid named a net interest cost of 3.32 per cent.

CALENDAR OF COMING NORTHWEST BOND SALES

July 6 — 8 p. m. Slayton, Minn. \$60,000 improvement bonds due \$4,000 each year July 1, 1955 through 1969 with all bonds due after July 1, 1964 callable on said date or any interest payment date thereafter.

July 8 — 2 p. m. Village of Maynard, Chippewa County, Minn. \$150,000 sanitary sewer and disposal plant bonds dated August 1, 1954 due February 1, 1956 through 1975 with bonds maturing after February 1, 1969 callable on said date or any interest payment date thereafter.

NOTICE OF BOND SALE Independent School District No. 18 of Pennington County, Minnesota

NOTICE is hereby given that the School Board of Independent School District No. 18 of Pennington County, Minnesota, will meet at the Office of the Superintendent of Schools at Thief River Falls, Minnesota, in said district on Wednesday,

the 21st day of July, 1954,

at 8:00 o'clock P. M., for the purpose of receiving and considering sealed bids for the purchase of \$230,000 School Building Bonds of the district, bearing date August 1, 1954, in the denomination of \$1000 each, bearing interest at the rate or rates designated by the successful bidder, payable February 1, 1955, and semi-annually thereafter on February 1 and August 1 in each year, and maturing serially on February 1st as follows: \$15,000 in 1957 to 1970, both inclusive, and \$20,000 in 1971, all bonds maturing after February 1, 1966, being subject to redemption and prepayment on said date and any interest payment date thereafter in inverse numerical order at par and accrued interest.

Both principal and interest will be payable at any suitable bank designated by the successful bidder. The district will furnish printed bonds and approving legal opinion of Messrs. Faegre & Benson, Minneapolis, Minnesota, both without expense to the purchaser. The bonds will be delivered to the purchaser within forty days from the date of sale accompanied by an unqualified approving legal opinion and customary final delivery papers, including a certificate showing absence of litigation.

All bids must be in writing enclosed in a sealed envelope and be unconditional except as to the above opinion and be mailed to the undersigned prior to the above time,

accompanied by a certified check, bank draft or cashier's check in the amount of at least \$4,600.00, payable to the order of the school district, to be forfeited as liquidated damages in event the bid is accepted and the bidder fails to comply therewith.

Split rate bids may be submitted stating the same rate or rates of interest from the date of issue to maturity for all bonds having a common maturity date and not more than three such rates in integral multiples of one-quarter or one-tenth of one percent per annum for the issue and the maturities of the bonds split not more than three ways for the purpose of designation of such rates, provided that any such bid may also provide that all or some of the bonds shall bear a higher interest rate with two sets of interest coupons for any interest period or periods of the term of the bonds. The bid offering the lowest net interest cost (total interest from date of issue to stated maturities, less any premium offered) will be deemed the most favorable. No bid for less than par plus accrued interest from date of issue to date of bond delivery will be considered. Oral auction bids will not be received. The right to waive any informality and the right to reject any and all bids are reserved.

BY ORDER OF THE SCHOOL DISTRICT,

A. L. WILLIAMSON
School Clerk
Independent School District
No. 18 of Pennington
County, Minnesota
Thief River Falls, Minnesota

Further information may be obtained from:

T. G. EVENSEN & ASSOCIATES
723 First National-Soo Line Bldg.
Minneapolis 2, Minn.
Geneva 3693

Published in Commercial West
July 3, 1954.

Established 1885

H. C. SPEER & SONS CO. Municipal, County and School Bonds

135 S. LaSalle St.

Chicago

\$1,000,000
Crow Wing County, Minnesota
Independent School District No. 6
(Brainerd)

2%, 2.40%, and 2½% School Building Bonds

Dated: July 1, 1954

Due: October 1, 1956/75

Principal and semi-annual interest, April 1, 1955 and each April 1, and October 1 thereafter, to be payable at First National Bank of Minneapolis. Coupon Bonds in denomination of \$1,000.

In the opinion of counsel, under laws now in force, interest on these bonds is exempt from federal income taxes, and when received by Minnesota residents, it is exempt from Minnesota State Income Taxes.

LEGAL INVESTMENT, IN OUR OPINION, FOR SAVINGS BANKS AND TRUST FUNDS IN MINNESOTA.

These bonds, in opinion of counsel, will constitute valid and binding general obligations of the School District payable from ad valorem taxes which may be levied upon all of the taxable property in the district without limitation as to rate or amount.

Legal opinion by Messrs. Faegre and Benson, Minneapolis

MATURITY SCHEDULE

Amount	Coupon	Maturity	Yield
\$20,000	2.00 %	1956	1.10 %
45,000	2.00	1957	1.20
45,000	2.00	1958	1.30
45,000	2.00	1959	1.40
45,000	2.00	1960	1.50
45,000	2.00	1961	1.60
45,000	2.00	1962	1.70
45,000	2.00	1963	1.80
50,000	2.00	1964	1.90
50,000	2.00	1965	2.00
50,000	2.40	1966	2.15
55,000	2.40	1967	2.25
55,000	2.40	1968	2.35
55,000	2.50	1969	2.40
55,000	2.50	1970	2.40
55,000	2.50	1971	2.45
60,000	2.50	1972	2.45
60,000	2.50	1973	2.50
60,000	2.50	1974	2.50
60,000	2.50	1975	2.50

First National Bank of Minneapolis

The First National Bank of Saint Paul

Northwestern National Bank of Minneapolis

Allison-Williams Company

J. M. Dain & Company

Piper, Jaffray & Hopwood

Mannheimer-Egan, Inc.

Shaughnessy & Company, Inc.

Harold E. Wood & Company

Woodard-Elwood & Co.

Caldwell, Phillips Co.

Fire & Casualty Abstract

IOWA NATIONAL MUTUAL INSURANCE COMPANY

Principal Office: Cedar Rapids, Iowa

Organized in 1909

HARRY D. DUNHAM, President

R. S. WRAY, Secretary

YEAR ENDED DECEMBER 31, 1953

Assets		
Bonds,	\$12,280,391.57	
Stocks,	830,192.00	
Real Estate,	982,645.66	
Cash and Bank Deposits,	1,845,173.62	
Agents Balances Less (Reins. Bal.),	1,771,729.77	
Reinsurance Recoverable (Paid Losses),	117,386.38	
Other,	38,758.83	
Investment Income Due and Accrued,	57,116.65	
Total,	\$17,923,394.48	
Liabilities		
Losses,	\$ 5,843,355.00	
Expenses,	1,233,191.34	
Unearned Premiums,	7,097,656.26	
Dividends Unpaid (Policyholders),	337,267.00	
Total Liabilities,	\$14,511,469.60	
Guaranty Fund,	250,000.00	
Unassigned Funds (Surplus),	3,161,924.88	
Surplus as Regards Policyholders,	3,411,924.88	
Total,	\$17,923,394.48	
Reconciliation of Ledger Assets Increase in Ledger Assets		
Net Premiums Written,	\$15,477,757.69	
All Other Increases,	326,986.89	
Total,	\$15,804,744.58	
Decrease in Ledger Assets		
Net Losses Paid,	\$6,692,942.24	
All Other Disbursements,	6,617,079.23	
Dividends to Policyholders (Net),	599,330.19	
Total,	\$13,909,351.66	
Reconciliation Between Years		
Ledger Assets Dec. 31 Previous Year,	\$15,952,648.01	
Increase Ledger Assets During Year,	1,895,392.92	
Balance—Ledger Assets Dec. 31 Current Year,	\$17,848,040.93	
Minnesota Business		
	Direct Writings	Direct Losses Paid
Workmen's Compensation \$	572,815.53	\$ 334,399.24
Liability Other than Auto,	166,589.99	36,411.68
Auto Liability,	1,458,897.41	680,004.67
Auto Property Damage,	762,774.24	320,251.18
Auto Phys. Damage,	888,128.37	359,861.28
Property Damage Other Than Auto,	29,210.17	7,178.89
Burglary & Theft,	10,844.60	2,992.29
Medical Payments,	92,845.62	30,085.86
Totals,	\$3,982,105.93	\$1,771,185.09

State of Minnesota

DEPARTMENT OF INSURANCE

I HEREBY CERTIFY That the Annual Statement of Iowa National Mutual Insurance Company for the year ended December 31, 1953, of which the above is an abstract, has been received and filed in this department and duly approved by me.

CYRIL C. SHEEHAN
Commissioner of Insurance
RH

Published in Commercial West
June 19, 26 and July 3, 1954.

Ray Trautman & Son



Wheelchairs and
Invalid Walkers
for sale or rent.

"Everest & Jennings
Wheelchairs"

RENTAL
\$7.50
Per Month

"Specialists in the manufacture of
Artificial Legs, Arms and Braces."

410 PORTLAND AVE. MA. 2339
After Hours WA. 0045

Minnesota - North Dakota - South Dakota - Montana *
Wyoming - Idaho - Washington - Oregon - California

Best Seller In One Day

Yes, it's true! From the day it was introduced, Provident's new "exclusive" has been our best seller.

It has always been and always will be our objective to place high-powered competitive contracts in the hands of our field force, and this is a good example. This type of tool, plus the other "Provident benefits," plus the reputation and prestige we enjoy in the "Provident States," makes our field force one of the most successful in the business. We shall always keep in that way.

There are opportunities for qualified men in the "Provident States."



THE PROVIDENT LIFE INSURANCE COMPANY BISMARCK, NORTH DAKOTA

JOSEPH DICKMAN, Vice President

Life—Accident—Health—Hospitalization—Annuities—Pension Trust

These are the Provident States*

CARGILL



CREATIVE PROCESSORS
OF FARM PRODUCTS

GET ON THE BAND WAGON



Associate your agency with the most aggressive, fastest growing General Agency in America. Reap the benefits of our gigantic advertising campaign.

Here you'll have the finest insurance markets in the country, including House Trailer and Long Haul. We'll help you build a bigger and better agency.

DORNBERGER & CO.

"The Department Store
of Insurance"

Gas Company Building
Sioux Falls, S. D.



GREAT NORTHERN INSURANCE COMPANY

FIRE AND CASUALTY INSURANCE

McKnight Bldg.

Minneapolis

LEGAL NOTICE

NOTICE OF BOND SALE
\$60,000
IMPROVEMENT BONDS
VILLAGE OF SLAYTON,
MURRAY COUNTY, MINNESOTA

NOTICE is hereby given that the Village Council of the Village of Slayton, Murray County, Minnesota, will meet at the Village Hall in said Village on

Tuesday, the 6th day of July, 1954,

at 8:00 o'clock P. M., for the purpose of receiving and considering sealed bids for the purchase of \$60,000 Improvement Bonds of the Village, bearing interest at the rate or rates designated by the successful bidder, payable July 1, 1955, and semi-annually thereafter on January 1 and July 1 in each year and maturing serially on July 1st in the amount of \$4,000 in each of the years 1955 to 1969, both inclusive, all bonds maturing after July 1, 1964, being subject to redemption on said date or any interest payment date thereafter at par and accrued interest.

Both principal and interest will be payable at any suitable bank designated by the successful bidder. The village will furnish printed bonds and approving legal opinion of Messrs. Faegre & Benson, Minneapolis, Minnesota, both without expense to the purchaser. The bonds will be delivered to the purchaser within forty days from the date of sale accompanied by an unqualified approving legal opinion and customary final delivery papers, including a certificate showing the absence of litigation.

All bids must be in writing enclosed in a sealed envelope, be unconditional except as to the above opinion, state one or more interest rates in multiples of one-quarter or one-tenth of one percent, and be left with the undersigned prior to the above time, accompanied by a certified check, bank draft or cashier's check in the amount of at least \$1200, payable to the order of the village, to be forfeited as liquidated damages in event the bid is accepted and the bidder fails to comply therewith. The bid will be accepted which is deemed the most favorable to the village. No oral bid, bid of less than par and accrued interest or which differs from the terms of sale above set forth will be accepted. The village reserves the right to reject any and all bids, to waive any informality in any bid, and to adjourn the sale if deemed expedient.

BY ORDER OF THE VILLAGE COUNCIL.
R. M. ENGBRETSON
Village Clerk
Village of Slayton, Minnesota
Published in Commercial West
June 26 and July 3, 1954.

LEGAL NOTICE

NOTICE OF SALE
\$95,000
CERTIFICATES OF INDEBTEDNESS OF
THE CITY OF FERGUS FALLS,
MINNESOTA

NOTICE is hereby given that the City Council of the City of Fergus Falls, Minnesota, will meet at the City Hall in said city at a special meeting on

Monday, July 12, 1954

at 5:00 o'clock P. M., for the purpose of receiving and considering sealed bids for the purchase of \$95,000 Certificates of Indebtedness, dated August 1, 1954, in the denomination of \$1,000 each, bearing interest at the rate or rates designated by the successful bidder, payable February 1, 1955 and semi-annually thereafter on August 1 and February 1 in each year, and maturing serially on August 1, in the years and amounts as follows: \$25,000 in 1955, \$5,000 in 1956, \$5,000 in 1957, \$5,000 in 1958, \$5,000 in 1959, \$5,000 in 1960, \$5,000 in 1961, \$5,000 in 1962, \$5,000 in 1963, \$5,000 in 1964, \$5,000 in 1965, \$5,000 in 1966, \$5,000 in 1967, \$5,000 in 1968, and \$5,000 in 1969, all without option of prior payment.

Both principal and interest will be payable at any suitable bank designated by the successful bidder. The city will furnish printed cer-

tificates of indebtedness and unqualified approving legal opinion of Messrs. Faegre & Benson, Minneapolis, Minnesota, both without expense to the purchaser. The certificates of indebtedness will be delivered to the purchaser within forty days from the date of sale accompanied by an approving legal opinion and customary final delivery papers, including a certificate showing the absence of litigation.

All bids must be in writing enclosed in a sealed envelope, be unconditional except as to the above opinion, state one or more interest rates in multiples of one-quarter or one-tenth of one percent, and be left with the undersigned prior to the above time, accompanied by a certified check, bank draft or cashier's check in the amount of at least \$2,000, payable to the order of the city, to be forfeited as liquidated damages in event the bid is accepted and the bidder fails to comply therewith. The bid will be accepted which is deemed most favorable to the city. No oral bid, bid of less than par and accrued interest or which differs from the terms of sale above set forth will be accepted. The city reserves the right to reject any and all bids, to waive any informality in any bid and to adjourn the sale if deemed expedient.

BY ORDER OF THE CITY COUNCIL

HAROLD H. DREWS
City Clerk
Fergus Falls, Minnesota

Published in Commercial West July 3, 1954

LEGAL NOTICE

NOTICE OF BOND SALE
\$750,000
SCHOOL BUILDING BONDS
INDEPENDENT SCHOOL DISTRICT
NO. 205 OF
HENNEPIN COUNTY, MINNESOTA
(ST. LOUIS PARK)

NOTICE is hereby given that the School Board of Independent School District No. 205 of Hennepin County, Minnesota, will meet at the Superintendent's Office in the High School Building at St. Louis Park in said district, on

Thursday, the 15th day of July, 1954,

at 8 o'clock P. M., for the purpose of receiving and considering sealed bids for the purchase of \$750,000 School Building Bonds of the district, bearing date July 1, 1954, in the denomination of \$1000 each, bearing interest at the rate or rates designated by the successful bidder, payable January 1, 1955, and semi-annually thereafter on January 1 and July 1 in each year, and maturing serially on January 1st as follows: \$30,000 in 1956 to 1960, both inclusive, \$35,000 in 1961 to 1965, both inclusive, \$40,000 in 1966 to 1970, both inclusive, and \$45,000 in 1971 to 1975, both inclusive, all without option of prior payment.

Both principal and interest will be payable at any suitable bank designated by the successful bidder. The district will furnish printed bonds and approving legal opinion of Messrs. Faegre & Benson, Minneapolis, Minnesota, both without expense to the purchaser. The bonds will be delivered to the purchaser at Minneapolis or St. Paul, Minnesota, or Chicago, Illinois, or New York City, New York, without expense to purchaser or elsewhere at purchaser's expense, not later than forty days after the date of sale accompanied by an unqualified approving legal opinion and customary final delivery papers, including a certificate showing absence of litigation.

All bids must be in writing enclosed in a sealed envelope, be unconditional except as to the above opinion, state one or more but not exceeding three interest rates, in multiples of one-quarter or one-tenth of one percent, and be left with the undersigned prior to the above time accompanied by a certified check, bank draft or cashier's check in the amount of at least \$15,000, payable to the order of the school district, to be forfeited as liquidated damages in event the bid is accepted and the bidder fails to comply therewith. The bid will be accepted which is deemed most favorable to the district. No oral bid, bid of less than par and accrued interest or bid which differs from the above specifications will be accepted. The district reserves the right to reject any and all bids, to waive any informality in any bid and to adjourn the sale if deemed expedient.

BY ORDER OF THE SCHOOL BOARD,

HARRY J. OLSON
School Clerk
6300 Walker Avenue
St. Louis Park, Minnesota

WHEELER & FREDERIKSON
Attorneys for School District
700 Northwestern Bank Bldg.
Minneapolis 2, Minnesota

Published in Commercial West July 3, 1954.

LEGAL NOTICE

NOTICE OF SALE
\$30,000
GENERAL OBLIGATION
WATERWORKS BONDS
VILLAGE OF BOVEY
ITASCA COUNTY, MINNESOTA

Sealed bids will be received by the Village Clerk of Bovey, Minnesota, at the village hall until 7:00 o'clock P. M.,

July 19, 1954

for the purchase of negotiable coupon general obligation bonds, for which the full faith and credit of the Village of Bovey are pledged, to finance the construction of an Iron Removal and Filtration Plant for the improvement of the waterworks system of said village. Bids will be opened and considered by the village council thereafter at its regular meeting at the time and place aforesaid.

Bonds shall be issued for the total amount of Thirty Thousand Dollars (\$30,000) in denominations of One Thousand Dollars (\$1,000) each, shall mature serially, be dated July 1, 1954, and be payable as to principal in the amount of Five Thousand Dollars (\$5,000) on the first day of January in the years 1956, 1957, 1958, 1959, 1960, 1961.

Interest shall be uniform for all maturities and shall be expressed in multiples of One Quarter of one per cent. Payment of principal and interest and delivery of bonds shall be made at any bank in the State of Minnesota, otherwise at the First National Bank of Bovey, Minnesota. The village shall have the bonds printed and executed and will furnish the approving legal opinion of Messrs. Dorsey, Colman, Barker, Scott, and Barber. The right is reserved to reject any and all bids.

FORREST F. FOSS, Clerk
Village of Bovey, Minnesota.

Published in Commercial West July 3, 1954.

Renown

*America's most
complete service in
Gentlemen's Fine
Hatting.*



Cavanagh Hats
*Red Avenue at 37th Street
New York*

Malmstedt's
111 So. Seventh St.
Minneapolis

NORTH DAKOTA

State and Municipal Bonds

H. E. MUELLER

Hazen

North Dakota



25 YEARS AGO

FROM COMMERCIAL WEST JULY 6, 1929

A Northwest conference on bank management, to be held in Minneapolis the latter part of October, now looms as a strong probability. Officers of bankers associations in Minnesota, North Dakota, South Dakota, Montana and Wisconsin have the matter under consideration and, according to George Susens, secretary Minnesota Bankers Association, the idea appears to be meeting with considerable favor.

Now that the conventions are over, for most part, we can settle down to business again. The conventions this year were particularly useful and we trust that all our banker friends obtained some real and lasting good out of them.

MINNESOTA: Some 15,690 persons visited Western National Bank, Duluth, during the open house celebrating opening of the bank's new quarters the other day . . . F. W. Sprague, president First National Bank, Sauk Center, will retire . . . E. C. Wilkins has been elected president First State Bank, Battle Lake . . . Capital of Farmers & Merchants State Bank, Hinckley, has been upped from \$10,000 to \$20,000.

Minneapolis is noted for a great many things but it is not generally known that the longest telegraph circuit in the United States passes through the Minneapolis office of the Western Union Telegraph Co. All told, more than 100,000 miles of wire pass through the office switchboard.

Herbert S. Woodward, vice president First National Bank of Hobson, Mont. is a firm believer in cooperative effort to help build up the bank's community. One of his bank's most recent ideas to help the agricultural interests of that section of the state was advice to farmers, in view of the then low price of wheat, to feed the grain to livestock instead of marketing it at a price that would result in loss to the producer.

Norman T. Gill, secretary Madison Trust Co. and past president Wisconsin Bankers Association, was the choice of Wisconsin members of the ABA for the position on the executive council of the national association.

Resources of approximately \$40,000,000 and deposits of more than \$37,000,000 were combined this week in approval of a bank consolidation in Des Moines. Banks concerned are Des Moines National Bank, Iowa National Bank and the Des Moines Savings Bank & Trust Co.

Offers to exchange stock of the Anaconda Copper Mining Co. of Montana for the outstanding shares of Andes Copper Mining and Greene Cananea Copper Co. were voted last week by Anaconda directors. The company already owns more than half of the outstanding shares of Andes and also, it is believed, a majority interest in Greene Cananea.

At the annual convention of the National Association of Credit Men, held in Minneapolis this week, Lawrence Whitty of Chicago was elected president. Vice president of the Central Division is Henry H. Heimann, Niles, Mich.

Harry G. Hambright, vice president, has been elected president First National Bank of Marshfield, Wis., succeeding the late C. E. Blodgett.

Bank mergers in New York City to date this year account for the absorption of approximately \$2.5 billion of banking assets. In 1929 bank mergers absorbed \$663.8 million in assets.

Livestock on Minnesota farms was worth \$24,215,000 at the start of the year. Estimated total farm value was \$299.4 million.

Arrangements were completed last week for purchase of assets of the First National Bank of Cooperstown, N. D. by First Bank Stock Investment Co.,

Initiation of a broad policy of more intimate relationship with the man of small means to include the extension of instalment loans was urged before delegates to the convention of the Michigan Bankers Association by Rudolph E. Reichert, state banking commissioner.

Orrin J. Trimble, Devils Lake, was elected president of the Insurance Federation of North Dakota this week.

MINNESOTA: Paul A. Essen is the new cashier Commercial State Bank, Two Harbors. He succeeds the late George W. Munford. . . . It is believed an attempt to rob the Oronoco State Bank was made last week. The front door had been pried open and an oxygen tank and can of gasoline stood near the vault. . . . George Heyman has been elected cashier First National Bank, Dunnell.

Coming Events

1954

S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S																																																																																				
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Next Week

- "SPEAKING OF MONEY," fourth in a series of programs over WCCO Radio, Tuesdays at 9:15 p.m. July 6
- WINONA (MINN.) NATIONAL & SAVINGS BANK, 80th anniversary open house Thursday and Friday, including reception and social hour for out-of-town guests and local businessmen from 5:00-8:00 p. m. Thursday July 8-9
- CENTRAL STATES CONFERENCE, 43rd annual meeting, Grand Hotel, Mackinac Island, Michigan July 8-10
- FIRST STATE BANK OF WYOMING, MINN., open house, 2 to 5 p.m. July 10
- FIRST NATIONAL BANK, MENOMONIE, WIS., 75th anniversary open house, 1:30-5:30 July 10

Later

BANKING

- GROUP ONE, WISCONSIN BANKERS, seventh annual mid-summer get-together, Tee-Away Lodge, Ladysmith, afternoon and evening July 14
- ST. PAUL POP CONCERTS, Auditorium Arena July 7-August 28
- NATIONAL ASSOCIATION OF BANK AUDITORS AND COMPTROLLERS, second session of NABC School, University of Wisconsin, Madison July 26-Aug. 7
- CONSUMER BANKERS ASSOCIATION, third resident session of School of Consumer Banking, Charlottesville, Va. August 8-20
- AMERICAN BANKERS ASSOCIATION, Trust Conference, Hotel Statler, Los Angeles August 19-20
- WESTERN MORTGAGE BANKING SEMINAR, sponsored by Mortgage Bankers Association of America and Stanford University, Palo Alto, Calif. August 22-27
- SCHOOL OF BANKING, University of Wisconsin, Madison Aug. 23-Sept. 4
- WISCONSIN BANKERS ASSOCIATION, second Forestry Conference, Eagle River September 12-14
- MORTGAGE BANKERS ASSOCIATION OF AMERICA, 41st annual convention, Conrad Hilton Hotel, Chicago. September 27-30
- JUNIOR BANK OFFICERS AND STAFF CONFERENCE, sponsored by Minnesota Bankers Association, St. Paul Hotel, St. Paul Oct. 11-12
- NEBRASKA BANKERS ASSOCIATION, annual convention, Hotel Fontenelle, Omaha October 11-12
- NATIONAL ASSOCIATION OF BANK AUDITORS AND COMPTROLLERS, 30th annual convention, San Francisco October 18-21

- AMERICAN BANKERS ASSOCIATION, 80th Annual Convention, Atlantic City, N. J. October 17-20, 1954
- FINANCIAL PUBLIC RELATIONS ASSOCIATION, 39th Annual Convention, Statler Hotel, Washington, D. C. October 18-21, 1954
- NATIONAL ASSOCIATION OF BANK AUDITORS AND COMPTROLLERS, 30th annual convention, San Francisco, Calif. Oct. 18-21
- AMERICAN BANKERS ASSOCIATION, Trust Conference, Drake Hotel, Chicago November 4-5
- IOWA BANKERS ASSOCIATION, annual convention, Des Moines Nov. 7-10
- FINANCIAL PUBLIC RELATIONS ASSOCIATION, 39th Annual Convention, Hotel Statler, Washington, D. C. Sept. 26-30

- FINANCIAL PUBLIC RELATIONS ASSOCIATION, School of Financial Public Relations, Seventh Session, Northwestern University, Chicago Campus July 26-August 7

- NORTH DAKOTA BANKERS ASSOCIATION, annual convention, Gardner Hotel, Fargo May 27-28, 1955

INSURANCE

- NATIONAL ASSOCIATION OF INSURANCE AGENTS, 58th annual convention, Conrad Hilton Hotel, Chicago Oct. 4-7

OTHER

- SAVING AND LOAN LEAGUE OF MINNESOTA, annual meeting, St Paul Hotel, St. Paul September 16-18
- FARM INCOME TAX SHORT COURSE, Lowry Hotel, St. Paul Oct. 11-13

RECENT DEATHS

- C. B. ARVESEN, 65, president Otisco (Minn.) State Bank in the hospital at Waseca June 29.
- ★ GEORGE D. EYGABROAD, 92, McGregor, Minn. He organized and was the first president First National Bank of Winnebago, Minn. and also was first president Payne Ave. State Bank, St. Paul.
- Mr. Eygabroad is survived by his widow, Mrs. Ora Eygabroad, and two daughters.

Sail or Fly to Europe



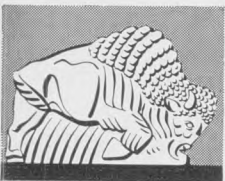
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Want Ads

RATES IN THIS DEPARTMENT are ten (10) cents per word, (15) cents in capital letters or bold face type.

HELP WANTED

Country bank in eastern North Dakota desires a fairly young man with banking and insurance experience as cashier. Excellent opportunity for qualified person." Write Box 395 c/o Commercial West.

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Married man with two children, Lutheran, desires position as assistant cashier in smaller West Central Minnesota community. Country and city bank experience. What have you? Write Box 396 c/o Commercial West.

Wanted: Responsible position by loan officer under 40 years old with broad experience in mortgage loans, closing titles, appraisals. Write Box 394 c/o Commercial West.

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We can offer controlling and possibly all of the stock in a bank located in a small town in North Dakota. Good territory. Will show excellent return on investment. Profitable insurance agency also. File No. B-756.

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ONE WAY TO SELL SAFE DEPOSIT BOXES!



FIDELITY'S president, C. Herbert Cornell (center), congratulates employe-winners of the safe deposit contest, Josephine Leyden and Pete Aamodt.

Everybody was happy at Fidelity State Bank, Minneapolis this week, happy because an employe contest just completed brought success to the bank and several of the employes as well.

As C. Herbert Cornell, Fidelity president, put it, "We have just lived through a very important experience, an experience made possible by the efforts of our employes."

The facts of the matter are: Fidelity had 200 safe deposit boxes standing empty. Instead of waiting for time, tide and man to take these boxes, it was decided to let the employes try their luck in selling them. A brief meeting outlined the problems, awards to be given the employe selling a box, and the sales effort was under way.

Net results were 200 boxes sold before the contest period ended. Top salesmen were Peter Aamodt who alone sold 51 boxes, and Jo-

sephine Leyden who sold 20 boxes.

"We always have believed in a positive merchandising of our bank's services," Cornell said, "and this most recent experience proves that a positive approach through our employes is the quickest and best way to sell the bank."

Clarence T. Olsen New Cashier at Cokato



OLSEN

Clarence T. Olsen, former vice president and cashier Columbia Heights State Bank, has joined Cokato (Minn.) State Bank as cashier.

Olsen started his banking career as clerk in the Citizens National Bank, Sis-

seton, S. D. in 1917. The following year he enlisted in the United State Marine Corps. In May 1919, he joined First National Bank, St. Peter, Minn. as bookkeeper, advancing to cashier in 1936. He served in that capacity until August, 1944 when he resigned to become affiliated with Columbia Heights State Bank.

Olsen, who was born and grew up on a farm in Nicollet County, Minn., is married and has a married daughter living in Rochester.

USED BANK FIXTURES

Will Sell at Bargain
Front counter—19 ft. long
three cashier windows
Information counter 16 ft. long
Verdi marble antique check desk
Office partitions and panels
All fixtures in beautiful African
Oriental walnut.

L. PAULLE-MIDWAY

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407 NO. HAMLINE AVE.
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Every facility FOR YOUR

SOUTHEASTERN MINNESOTA



BANKING NEEDS

You're invited

TO OUR
80th ANNIVERSARY
CELEBRATION

July 8—9:00 to 4:00 p.m.

July 9—9:00 to 7:30 p.m.



Member Federal Deposit Insurance Corporation

Statement of Condition

June 30, 1954

RESOURCES

Cash and Due from Banks	\$133,589,518.43
U. S. Government Obligations	107,704,045.39
Other Bonds & Securities	31,089,841.39
Loans & Discounts	160,424,001.14
<i>Less: Reserve for Possible Future Losses</i>	<i>(-2,315,023.95)</i>
Stock in Federal Reserve Bank	690,000.00
Customers' Liability on Acceptances	1,314,520.20
Income Earned but not Collected	901,812.47
Banking House	3,000,878.68
Other Resources	138,916.34
Total Resources	\$436,538,510.09

LIABILITIES

Capital Stock	\$ 5,000,000.00
Surplus	18,000,000.00
Undivided Profits	2,027,551.08
Reserve for Contingencies	2,542,479.21
Reserve for Interest, Taxes, etc.....	2,263,693.82
Income Collected but not Earned	2,140,622.70
Letters of Credit and Acceptances	1,314,520.20
Deposits	403,249,643.03
Total Liabilities	\$436,538,510.09

United States Government and other securities carried at \$68,983,227.75 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.

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