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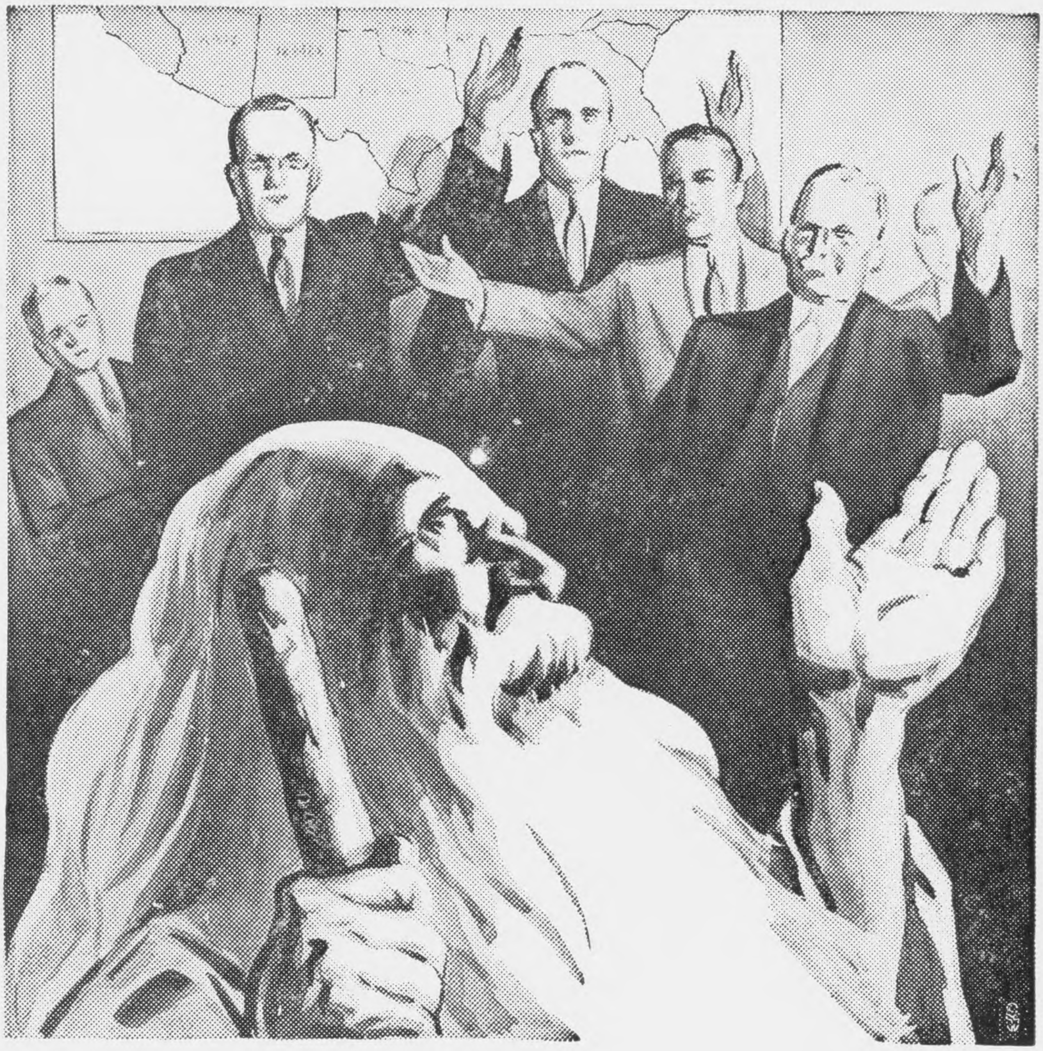

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By giving jobs to millions of needy . . . by bringing money back into circulation . . . by restoring the business confidence of the country . . . 1933 has ended America's economic stagnation. It has paved the return road to normalcy. In every heart there is eagerness to find blooming in the New Year the vigor, confidence and stability which 1933 so clearly brought to bud. Welcome to the New Year . . . and Godspeed to the Old!

FIRST NATIONAL BANK
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BUSINESS AND BANKING... In 1934...

"We are optimistic"—"Prospects for 1934 good"—"Crop reduction plans are going to be the basis of our recovery"—"Tomorrow will be a great day for America and the whole world"—So say Nebraska bankers to the query as to business and banking conditions for this new year.

INQUIRY was made recently by the staff of the CENTRAL WESTERN BANKER of a number of Nebraska bankers regarding the effect in their communities of the several Government agencies which are operating for the benefit of the farmer, the effect of the Civic Works Program, what Federal insurance of deposits would mean to their bank, and what, in their opinion, is the outlook for 1934.

Several of the replies are published below. They would indicate that the long-looked-for corner has at last been turned. The replies read as follows:

B. B. CROWNOVER, cashier of the First National Bank of Benedict, writes:

"We find business about 20 per cent better than a year ago, except in net profits.

"Small increase in deposits, and a little decrease in loans, but have supplied all customers who were entitled to credit.

"We are supporting all government activities in the agricultural line, firmly believing in curtailed production, and about 50 per cent of *our* farm land should be rested.

"Corn is our principal crop, and with an average yield of 40 bushels, and with 25 per cent of the 1932 crop on hand, I think the corn program will go over in good shape. We will handle corn loans for our customers.

"The only wet blanket now is *hog* prices.

"Deposit insurance will help returning confidence, and should help increase the business of the small banks, and I believe it pleases the public.

"We are optimistic and believe that is the general feeling here."

FROM Grand Island a banker writes:

"Obviously the effect of activities on the part of various governmental agencies attempting to operate in this, a strictly agricultural community, can primarily be gauged by the present condition and the psychology of the farmer and secondarily by a comparison of present volume in retail trade as compared to 1932. Civil works programs but recently inaugurated have not had sufficient opportunity to prove their expediency.

"It is true that the attitude of the general public is now apparently one of conservative optimism but it is regrettable that this is not the attitude of the agriculturalist and the livestock producer and finisher. It is especially unfortunate that relief to the farmer was not evolved in a scheme which would enure to his benefit by a reasonable return on his primary sources of income, referring especially to returns for hogs and produce. These are the sources of his livelihood between crops and with the exception of what little money has come in through the wheat allotment plan, and which in a few cases, since the corn crop over the Middle West was mighty spotted, will come in through the government's purchase of corn, there is little solace for the average farmer at this time and to offset that we must not overlook the fact that the finisher of livestock, with arrangements long since made for feeding operations extending over a period of from four to ten months, is now being virtually put out of business through the corn-hog program—this as evidenced by the fact that during the past ten days the principal livestock markets have been flooded with but partially finished cattle previously put in for a long feed.

"To further dampen the ardor of the finisher of hogs, a raise in pork loins during the past week (December 15) of from $1 to $1.50 simultaneously with a further cut in the quotations on prime fat hogs is difficult to comprehend not only by the farmer and stock raiser but by the average business man posted on values and on existing quotations. It is therefore safe to state that the farmer and the stockman as a class are anything but pleased although they have become enlightened enough to appreciate the fact that the government's job was a big one and have in many cases settled back into a mood of watchful waiting and hoping.

"The fact that but recently the packing industry has increased wages, resumed dividends and retired bonded indebtedness at a premium is mute evidence that the processing tax has not enured to the benefit of the producer.

"An improvement in the retail line obviously will not obtain until the farmer's situation improves and also the white collared salaried man, the last to be included in the category of the "Forgotten Man," through some miracle is able to overcome cuts sustained during 1932 and reduction in income and savings due to an increase in living costs.

"What the results of the insurance of bank deposits in Nebraska will be, due to our unfortunate position as one of the few states in which the state guaranty was such a deplorable failure, is problematical, although in time, and irrespective of the burden on banks, the legislation may prove expedient—we hope so. And as bankers we continue in the hope that in all fairness and in view of this insurance the government will withdraw from the field of banking at least to the extent of its Postal Savings and interest paying competition, welcoming, however, the adoption of even additional rules, regulations and restrictions, if these are possible since the Banking Act of 1933, to make banking safer for the depositor and which will result in eliminating the wheat from the chaff in the banking fraternity but which may be modified to permit of just an atom of individual thought and authority and initiative on the part of bank managements, successful in many cases for over a half century.

"Continuing in our confidence, however, in the brains of this country and in view of indices which indicate improvement in other lines, and with the feeling that errors as they are made and are brought to the surface will eventually be corrected, we are modestly optimistic in 1934."

AN EXECUTIVE officer of the Farmers State Bank at Rising City feels that the operation of the several recovery agencies is having a good effect on his community, and that the farmers are much pleased over the efforts which are being made to put agriculture back on a paying basis. This writer says that deposit insurance will be a good thing for his community. Regarding next year, he says that already business is somewhat better, and that the prospects look good for 1934.

A FREMONT banker comments as follows:

"I am sure our community feels that the administration with their civic and public works programs together with the crop reduction plans are doing everything in their power to return business to normal conditions.

"Our farmers feel that the crop reduction plans are going to be the basis of our recovery as it will gradually make a return to supply and demand basis.

"Insurance on bank deposits under the present Federal plan, while it is vicious in that it does not limit the liability, cannot be compared to the different state systems under their lax supervision. In my opinion the insurance should be passed on to the beneficiaries, the depositors. The return from the measured service charges which were proposed in the

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Consider the Business Cycle

By DR. HAROLD STONIER

National Educational Director
American Institute of Banking

CONSIDER the common cold. It is a petty annoyance. At certain times of the year millions are affected simultaneously. It becomes epidemic. Many times serious and permanent ailments start with an apparently harmless common cold.

As obvious and numerous as common colds have been for generations, this malady has baffled medical science throughout its history. The case records of thousands have been studied with the greatest care — they have been analyzed and classified. Yet medical science has not yet offered a specific cure for the common cold. True, hundreds of "cures" have been widely advertised by commercially-minded promoters, but medicine has not placed the stamp of indorsement upon any of them.

Recently a famous doctor was asked which of seven or eight cures he would recommend. His reply was, "If you take Cure A and follow all the directions carefully, you will probably be cured in seven days. On the other hand, it is quite probable that if you take no 'cure' at all, you will be well in a week."

The common cold in the science of medicine finds its parallel in the business cycle in the science of economics. Almost everyone admits that the cause of our present business difficulties lies in our inability to control certain vicious phases of the business cycle. Why cannot we have steady, orderly progress in business?

The science of economics looks upon the business cycle as an obvious and recurring phenomenon in business history which has many detrimental effects on the social and economic life of the country. Yet economics cannot offer a cure for the cycle with any more assurance than medicine can offer a cure for the common cold.

For generations we have run into these air pockets in our business history, and business men will continue to be baffled by such conditions until a cure can be effected. As in the field of mediciene, so in the field of economics, hard times always bring their armies of nostrum venders and panacea promoters who would cure the cycle by the passage of a law or by the indorsement of a resolution.

We are apt to expect too much of the economist. If medicine, the most confident of the sciences, cannot at the present time bring forth a cure for the common cold, why should we expect the economist to produce readily a cure for the business cycle? The medical scientist asks for more time for study, research and examination. Should we do less for the economist?

Accrimination, recrimination, abuse, condemnation, and the pointing of the finger at the other fellow may make good political propaganda and headline material, but they do not materially help in the orderly process of scientific examination of facts and trends looking toward a cure. There has probably never been a time in the history of economic thought when there was more drifting, confusion, and wonderment than now. On the other hand, these conditions should afford ample encouragement to the rank and file of us to make further study and examination of those phases of business and economics which affect our business activities and our lives. Dramatic events are taking place. To those in tune with the times, the student attitude is most essential as we move on, searching for the cure for the cycle.

"Planned Agriculture" Begins To Show Results

AGRICULTURAL conditions have improved over the nation as a whole, though by no means uniformly, during the last six months, partly because something has been done to balance production with demand and partly because government action has improved the economic situation generally, says Secretary of Agriculture Henry A. Wallace in his annual report to the president.

Gross Income

Gross farm income from 1933 production will be about $6,100,000,000, the report estimates on the basis of figures available last October as to marketings and prices. Payments to farmers for restrictions in agricultural production will increase the total to about $6,400,000,000 as compared with $5,143,000,000 received in 1932. Farm commodity prices from mid-March to mid-October rose 47 per cent. There was not so great a gain, only 22 per cent, in the exchange value of farm products, because prices paid by farmers advanced considerably.

This improvement Secretary Wallace attributes mainly to national policy and action. It cannot be maintained, he says, unless farmers under Federal guidance continue to plan their production. Agriculture entered 1933 with tremendous surpluses and with a curtailed market at home and abroad. The necessity of beginning farm recovery with production adjustments, the report declares, was overwhelming. Sections of the report devoted to various commodities tell what the Agricultural Adjustment Administration has accomplished.

Secretary Wallace would supplement the emergency adjustment program with two additional supports: First, action calculated to expand foreign purchasing power through gradual reduction and control of the size of the farm plant as a whole. He recommends a long-time land utilization program, which would eliminate the lean, rather than the fat acres.

Choice of Two Policies

Secretary Wallace declares the nation faces a choice between two lines of policy. Either it must modify the tariff policy so as to permit a larger quantity and value of imports to enter the country, or it must accept a considerable and permanent loss of its foreign markets. Either we must modify our tariff policy and perhaps also our policy with regard to international debts and foreign lending, or we must put our internal economy on substantially a nationalist basis, he asserts. It will probably be necessary in any event, the secretary declares, to count on some permanent reduction in the export demand for agricultural products. How large the necessary reduction will be depends greatly, he says, on our tariff policy. Emergency adjustments of farm production to the present demand, he maintains, do not mean renouncing foreign trade. Recognition of agriculture's need for foreign trade, the report asserts, is quite consistent with a determination not to offer our foreign customers vastly more than they can possibly take.

IN HIS annual report to the President, Henry A. Wallace, secretary of Agriculture, says that too much science has not caused the surplus problem. Mr. Wallace takes the view that our distribution of income needs adjustment.

NRA

Discussing the relationship of NRA policies to agricultural recovery, Secretary Wallace notes that industrial codes had results that disappointed farmers at first. "The raising of wages and the shortening of hours in industrial employment," the secretary says, "delays correction of the disparity between farm and non-farm prices, but this should be only temporary. Industries that have increased their costs through higher wages and shorter hours will soon be adjusted to the new level of costs. The prices of their goods will be adjusted to it similarly, and should advance less rapidly or become stabilized. Agricultural prices on the other hand should continue to advance with adjustments in farm production and increases in consumer buying power."

Secretary Wallace declares, however, that the whole advance in non-agricultural prices cannot be attributed to the intended and legitimate influence of industrial codes under the National Recovery Act. "There has been some tendency for manufacturers and business groups to pyramid increased costs in consumers' prices. Many commodities are selling today at prices much higher than would be necessary to meet the expense involved in raising wages and shortening hours. It is an essential part of the National Recovery program that consumer buying power shall increase more than consumers' prices. Agriculture will suffer in proportion as this fails to come about. Recovery requires a balanced and approximately simultaneous gain in wage payments, consumer buying power, and farm prices."

Production and Distribution

After discussing the necessity of a long-time land program to replace emergency production control the secretary emphasizes the need of matching progress in production-science with progress in distribution-science. Efforts to balance production with demand and to prevent useless farm expansion suggests to many farmers, the report says, that agriculture has a quarrel with science; for science increases the farmers' productivity and thus tends to increase the burden of the surplus. Secretary Wallace declares on the contrary that the quarrel is not with science but only with the incompleteness of its victories so far. Gains in technical efficiency, if not supported by scientific economic adjustments, cause trouble. However, the remedy, Secretary Wallace declares, is not to put a brake on science but to open new channels into which economic energy may profitably flow.

"It is essentially a problem of distribution," the report says. "We have surpluses, in industry as well as in agriculture, largely because the laws that govern the distribution of income cause a polarization of wealth and poverty, a piling up of purchasing power at one end of the social scale. In consequence a majority of the people spend all their money before they have satisfied their wants, while a minority satisfy their wants long before they have spent their money. There results an unemployed block of purchasing power which tends to be transformed into capital and to go back into production instead of entering the market for consumable goods. This makes the surplus situation worse.

Purchasing Power

"Potentially, the purchasing power existing at any time equals the supply of goods; but it does not necessarily enter the market for those goods. To make it do so, it must be joined to need or desire. When purchasing power gravitates away from need or desire, it lies idle or runs to waste in speculation and bad investment. How much more socially intelligent it would be to redistribute purchasing power in such a way as to put it effectively to work. Unemployed purchasing power means unemployed labor and unemployed labor means human want in the midst of plenty. This is the most challenging paradox of modern times."

The report recounts action taken, up to the middle of last October, by the Agricultural Adjustment Administration to regulate the production of cotton, wheat, tobacco, and corn and hogs. It reports the efforts made to regulate the dairy industry through marketing agreements, and to develop fruit and vegetable agreements. It condemns uncontrolled speculation, particularly in grain and cotton, as incompatible with efforts to control production. The report contains sections on farm income from 1933 production and on the relation between the government's monetary policy and the agricultural situation.

Controlled Inflation

Secretary Wallace declares monetary policy is not in itself the complete answer to the farm problem. He endorses controlled inflation as a means of promoting social justice through a fairer distribution of national income, but reminds farmers that depreciation of the dollar acts unequally on different agricultural products and of itself does nothing to correct maladjustments in production. "Currency policies," the report says, "may stimulate our exports temporarily, but should not lead us to think that a world-wide demand exists for our surpluses, unless sufficient changes have been made in our tariffs to build up sufficiently increased foreign purchasing power."

In sections of the report devoted to scientific investigations in the Department of Agriculture the Secretary draws attention to a method recently discovered of avoiding losses by the kidney worm, the most widespread and destructive swine pest in the South. He reports further progress in the eradication of bovine tuberculosis; recounts numerous important achievements of the plant breeders; indicates dairy research results that fit in with the present crop reduction program; tells what is being accomplished at ten regional stations for the study of soil erosion; describes national forest policy as influenced by emergency conservation work and the allotment of more than $60,000,000 for land acquisition and national forest improvement; reports insect infestations of 1933; shows the bearing of home economics studies on family living problems; briefly analyzes the proposed new Food and Drugs Act; and reports progress in game conservation and Federal-aid road construction.

Getting It in the Neck

When the gasoline tax first became popular, shortly following the war, it had an excellent argument to recommend it: That the motorist should pay a fair share of the cost of building and maintaining the highways over which he drives.

That's still an excellent argument for a reasonable gas tax. But the motorist has been getting it in the neck to a constantly increasing degree. He's buying highways he never gets. He's maintaining others that don't exist.

In 1932, according to recently published figures, the tax revenue from gasoline and automobiles in one state was 271 per cent of all moneys spent for roads. In some states it was 150 per cent. For the nation as a whole, it was above 100 per cent. Yet other sources of revenue had to be drawn upon to keep up road building and maintenance. Why? Because only 70 per cent of the income from these special additional road taxes was actually used for roads—the rest going for other purposes.

The other purposes, needless to say, didn't fall within the providence of motoring. They may have been necessary and desirable, but they should have been paid for out of general funds, contributed by all taxpayers. As it was, the motorist was and is suffering the most unjust kind of class taxation. He pays twice where others pay once—first through his general taxes, then through special automobile taxes. He is, in common parlance, the guy who takes it.

There are signs that worm motorist is turning. He's learned that so long as he keeps quiet he's going to be in for more and more unjust discrimination. And he'd better turn fast if he is to keep the cost of running his car from becoming even more prohibitive than it is at present.

Voters Show Conservatism

The recent municipal elections settled one question that has been extensively debated of late—whether there was overwhelming public sentiment in favor of government owned and operated electric plants. And the answer was No. In brief, the result was very much as it had been in similar elections for many years—each town has its own ideas on the matter, and nothing that can be described as a national wave of enthusiasm for public power developed where the voters had a chance to express themselves.

The American people have grown weary of municipal waste, graft and inefficiency. The mayorality elections, in which long-seated, once-powerful political machines were overthrown, are proof of that. The voters demanded honest, effective and economical government. And it's been the fruit of experience that the best way to get away from that is to put the city government into business—any kind of business. Waste almost inevitably results. While there may be no graft, the red tape of bureaucracy stifles progress, pours money to the winds and hands the taxpayers a heavy deficit to pay out of taxes.

The American people, as a whole, realize that this is a very poor time indeed to tamper with the springs whence come jobs, salaries, dividends and taxes.

Losses from bank robberies in the middle-west during the past five years have caused insurance companies to question whether any bank was an insurable risk. However, day-time time-lock protection is solving the problem to such an extent that a reduction of rates may be possible

Depression Hits the Bank Robbers

LOSSES during the past five years in rate territories 3 and 4, comprising the states of Alabama, Arizona, Arkansas, California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee and Wisconsin, reached the point where it was no longer a question of what rate should be charged on the insurance — the question was whether or not insurance against loss due to robbery and burglary of banks in a very large area of the Nation was an insurable risk.

The situation as it existed at the beginning of 1933 was not "a flash in the pan"—it was supported by the combined experience of all companies writing this form of insurance over a ten year period.

During the five year period immediately preceding 1933, the premiums available for losses received by all companies in the twenty-three states comprising territories 3 and 4 were $3,139,641.

The losses paid were $5,981,763.

This means that the aggregate underwriting loss in territories 3 and 4 for the five year period, by all companies writing this form of insurance in that territory was $2,841,922. This is an average of $568,384 per annum.

Premiums available for losses received by all companies in the State of Nebraska for the five year period were $157,707—losses, $337,957, or an underwriting loss for the five years of $180,250.

The underwriting loss in 1932 in Nebraska was $94,267.

Obviously, the insurance companies could not continue to write this form of insurance in these twenty-three states unless some drastic, fundamental and revolutionary action was taken to reduce the amount of losses.

Little Protection

For several years there had been some spasmodic effort toward physical protection against the daylight robbery of banks but this activity had always been based upon a discount from the rate allowed to the bank installing such protection. There was nothing compulsory with respect to protection. It was left to each bank to decide whether or not it would protect itself. Under the practical working of such a system only a very few banks, certainly not over 10 per cent, installed any protection whatsoever. The insurance companies continued to write the business whether the bank protected itself or not. The result was that the revenue of the insurance companies with respect to the banks who protected themselves was reduced but the number of bank robberies or the amount secured by the bank robbers was not reduced at all. The protection on the comparatively few banks simply diverted the bank robbers from those particular banks, in some cases, to banks who were not protected. The result was that the insurance companies paid just as many losses and just as much money as though not a single bank had protected itself.

A DISCUSSION of bank robbery and robbery protection by R. A. Algire, vice-president of the National Surety Corporation, before the 1933 convention of the Nebraska Bankers Association

With this experience as a background it was up to the insurance companies to take a definite stand and refuse to write Robbery Insurance on a bank which was not willing to give reasonable protection to reserve cash when the bank was open for business. After exhaustive investigation and long discussion the time-lock protection program was decided upon and was put into effect on July 15th, 1933.

Program Accepted

My company had on its books in territories 3 and 4 in which the program applied, approximately 4,000 policies on banks which did not have standard Approved Tear Gas protection or standard Approved Bandit-Barrier protection.

I am pleased to say that 98 per cent of the banks holding these policies have accepted the program, the vast majority enthusiastically.

The National Surety Corporation has not to exceed 100 policies on its books in this territory which are not squarely under the program and I can say to you gentlemen without any reservation or qualification that these remaining policies will be brought within the program or the National Surety Corporation will retire from the insurance. We have recognized the fact that it takes a little time to install a sweeping program of this kind. There are a certain number of cases in which complications exist and it was our policy from the beginning to cooperate with the banks in every way possible in getting in under the program, but it is also the absolute determination of this company that not one single policy will be carried except in accordance with the program. We owe this duty to the thousands of loyal banks who are working shoulder to shoulder to take the profit out of bank robbery.

Even during the few months that the plan has been in operation we have received very definite and concrete results. These results show that on twelve losses where the program was in force the bank robbers got away with $9,705.47 and left $56,129.25 in the bank under time-lock.

Protection

Now, just a word with respect to protection against daylight robbery. It is my firm belief that within the next twelve

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Prospects For Business In 1934

Excerpts from the annual address of Col. Leonard P. Ayres, vice president of the Cleveland Trust Company, before the Cleveland Chamber of Commerce

WE MAY well define a depression in an industrial country as being a prolonged period during which large numbers of people want work, and are able to work, cannot find any work to do. The relief of unemployment is one of the three major objectives of our national recovery program. The other two aim at reducing the burden of debts through raising price levels, and at reconstructing our economic order to promote social justice, but we must study the outlook for reducing unemployment when we attempt to estimate the prospects for general business in 1934.

Two Great Groups

The Census of 1930 shows that there are in this country in normal times about 49 million people engaged in gainful occupations. By combining the classifications under which they are enumerated they may be divided into two great groups. The first group consists of those who produce goods. These workers include the farmers, foresters, fishermen, miners, and those engaged in the many manufacturing industries and in building construction. They number about 26 millions, or a little more than half of all.

The remaining 23 millions are providers of services. They are engaged in trade, transportation, clerical work, and in the public, professional, domestic, and personal services. We do not have in this country inclusive statistics showing unemployment in all of the many occupations represented by these two great groups, but we do have monthly series of official data covering numerous and important components of both of them. They indicate that in the autumn of 1933 the numbers of unemployed among the producers of goods are something more than five millions, while those among the providers of services are rather less than five millions. The unemployed in the two groups are not far from equal in numbers.

It is a highly important and significant fact that one half of the unemployment is caused by the other half of it. Our unemployment is not a condition that can be cured by the universal application of a general remedy. It calls for concentrated attention on the problems of the producers of goods. If the producers could be put back at work and kept profitably employed, the depression would soon be over. If the producers were busy, the employment problems of the providers of services would solve themselves.

The controlling factor of the depression is the unemployment among the producers of goods. If we carry the analysis further we shall find that it is among the producers of durable goods. All the producers make or raise either consumers' goods or durable goods. The consumers' goods are such things as food and clothing, gasoline, tobacco, soap, tires, and a long list of things made from textiles, leather, paper, and rubber. We use them up and replace them relatively quickly. We use almost as much of them in hard times as we do when we are prosperous.

APPARENTLY it is true that the only way we have ever recovered from depression in the past hundred years has been through expansion of private long-term financing, and through increase in the production of durable goods. The lessons of this depression so far indicate that lasting recovery will come when the old normal processes are allowed to operate once more, and that it will not come until that does happen.

We buy consumers' goods at retail in stores. When we are prosperous we buy those of better quality, and when we are hard up we get along with cheaper ones, but the statistics of retail trade show that the physical quantities of them used by the nation have not declined much during the depression. For that reason there has not been much unemployment among the producers of consumption goods. Probably it does not now amount to much more than 500 thousand people among the 10 millions of unemployed.

Durable Goods

The great unsolved problem of the depression is that of the unemployment among the makers of durable goods. These goods are made of the lasting materials. They include buildings, machinery, automobiles, furniture, bridges, ships, locomotives, cars, and a long list of articles made of the metals, lumber, stone, clay, glass, and cement. The demand for these goods is highly elastic because their purchase can always be postponed since the goods are durable, and the existing ones can be made to do service for extended periods of time. On the other hand there is no limit to the amounts of them that we can use if we can get them. Our accumulation of them largely constitutes our national wealth.

Doubt About Profits

There are two great obstacles which block the way to a prompt resumption of the normal production of durable goods. The first of these is the pervading fear that the extension of governmental regulation over the details of business operations will make it impossible for many corporations to make profits. Ever since the new codes went into effect costs of operation in nearly all lines of business have been rising, while production and distribution have been declining. As long as these trends are continued the thinking of business executives will be dominated by doubts about the possibility of making profits.

Fear About Money

The second great obstacle preventing the recovery of the durable goods industries is fear about the future of our money. This fear restricts and almost

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How To Make Your Customers MORE FAMILIAR WITH YOUR BANK

Excerpts from an address by Frank M. Totton, second vice president of the Chase National Bank, before the 1933 convention of A. I. B. in Chicago. Mr. Totton feels it is fully as important to sell your services to your old customers, as it is to go out after new ones

WITH your indulgence, I shall proceed to outline a general program for making customers more familiar with their banks. Naturally I shall draw upon the experiences and practices of my own bank in developing such a program. While to some of you the mechanics of operating certain features of my suggested plan may seem elaborate, the objectives will be clear to all. The objectives are the same for all banks. Methods, of course, must be modified to suit the organization of the individual bank.

To impart knowledge, it is necessary to *know*. In order to tell anyone anything, you must first be versed in the subject matter yourself. The startling thought was borne home to me that possibly one reason why we bank men and women do not feature our all-around banking services as actively and as effectively as we should is because many of us are not actually as well acquainted with the workings of our own bank as we should be. And, to paraphrase a bit, if the proper study of mankind is man, so the proper study of banking is the bank and where is there a better place to begin than right in our own shop? All of which brings us right back to the proper springboard for our take-off which is the American Institute of Banking. For if there is any one class of people in this huge financial world of ours who should be able to discuss banking intelligently and who should be able to explain to their depositors the various services offered by the modern bank, it is the group of keen, intelligent, hard-working, and foresighted men and women who proudly wear the Institute key.

How to Serve

Our subject is *not* how to *secure* new business or how to *add new* depositors to our clientele but rather how to bring to the attention of all depositors—new and old—some of the ways in which the bank may further serve them. By and large our banks are small, and undoubtedly in the last three or four years the personnel of most of them has been reduced considerably in economy moves of various kinds so that an increasingly greater operating burden has been thrown on those of us who are left. Under these conditions it is only natural that a clerk or a teller or an officer often feels himself crowded and pressed and hurried in the whirl of the day's routine. He tries to wait on the customers as quickly and as expeditiously as he can consistent with customary courtesy. However, a line of people waiting, more or less impatiently, their turn to see him keeps him on edge and perforce reduces his conversation to the minimum. Under these circumstances, therefore, the banker's one thought is "to keep the line moving" and to take care of them all without undue delay. Little wonder then that he often misses a golden opportunity to tell his customer something about a letter of credit or travelers' cheques for his trip abroad or to ask him if he has considered the drawing of a will or the establishment of a trust for his children. These and other services often are not even mentioned for what appears to be a valid excuse—lack of time during banking hours.

The chief motive that leads most people to seek a bank and to cross its threshold is the desire to deposit money, to open an account, either checking or savings. When signature cards have been signed and the initial deposit made, most customers and indeed, I must admit, even some bankers are of the opinion that it is all over, that there is nothing more to be done, that the customer now has his account on the books of the bank and represents one more name in the growing list of depositors. But instead of the *end,* this should represent but the *beginning* of a wider relationship that should be long enduring and mutually satisfactory and profitable to the depositor and to the bank. The depositor's education—that is, his banking education—should begin from that point on. But how is he to be "educated" in the functions of a bank when the officers and tellers, as we have already seen, are so engrossed in their manifold operating problems that they are kept on the jump from counter, to desk, to telephone all day long?

Visual Education

Well, modern pedagogy seems recently to have established the truth of the fact that *visual* education is one of the most satisfactory methods of approach as the eye is a more trustworthy and retentive organ than the ear. So, many banks, unable to reach or "sell" their depositors *within* the bank, have, with considerable success, educated them *outside* of the bank through a system of what is, in reality, *visual* education.

Leaflets, cards, and folders featuring singly or in series the services of the various departments have been used to good advantage. These can be placed conveniently on the tables or counters in the lobby where they are accessible to all those interested. However, this plan is only "hit or miss" at best in that it places the initiative upon the prospect and often he does not even read the message but uses the leaflet or card as scratch paper for some memorandum. Thus wastage may be high and results negligible.

Experience, therefore, seems to prove that best results can be obtained from printed matter of this kind which is built around and sent directly to a carefully selected mailing list. Of course, this costs money and the results obtained oftentimes are hard to estimate as there is no accurate way of "keying" the response.

At any rate, by building the list around your stockholders, directors, depositors, and good prospects you are reasonably certain that your ammunition is not being wasted and by having Uncle Sam, in the person of the letter carrier, deliver it personally to the home of the addressee, you insure physical delivery and an entrance to his home at a time when his mind is not distracted and confused by the demands of his place of business.

Organization

In brief the organization required to perfect a system for customer analysis, classification, selective education and solicitation is as follows: The divisions outlined are functional. In actual operation they may be grouped for direction and control depending upon scope of work involved for any one bank.

1. A central information file containing a complete index of all account relationships with various divisions of the bank.

2. A customer analysis or customer business development division. This division keeps all accounts under review—watches all balances; watches credit ratings and trend of business if a commercial account; analyzes all accounts to determine logical approach for collateral business; reports findings to proper parties and divisions with suggestions as to personal calls, types of solicitation, etc.; prepares lists for solicitation by mail in interests of various departments; records results and progress of solicitation.

3. A direct-by-mail division charged with maintenance of customer and other prospect lists under desired classifications in such form as to permit rapid circularization of special groups by mail. Progress of mail campaigns is recorded, names are reported for personal follow-up when prospect evinces interest in particular service, closed business is noted.

4. An advertising division charged with preparation and production of promotional material covering all service units.

With such an internal organization smoothly functioning a bank is able to personalize its service to thousands of customers. Instead of blindly shooting out wasteful barrages of advertising matter of unknown application and allowing undirected calls, specialized educational and promotional campaigns of known application are carefully aimed at hand picked groups. Calls on customers are controlled and suggested for definite purposes. Paradoxically perhaps it is from such machine like methods that the customer is made to feel that in the eyes of his bank, he is an individual receiving personal attention. The letters and literature received from his bank stress financial facilities of convenience or value to a man in his position. His time is not wasted. When his bank's representative calls upon him, he is offered useful information, timely counsel or suggestions that disclose a knowledge of his affairs. It is only by making it your business first to become familiar with a customer that you can hope to make the customer familiar with your bank and establish a mutually profitable relationship.

Direct-by-Mail

The functions of the direct-by-mail division are more or less obvious and to a large extent mechanical once the framework of the system has been set up. It is for this very reason that its work cannot be dismissed without a word of warning. When dealing with hundreds or thousands of names, the constant classifying and correcting of lists and with multiple mailings to various group selections, the opportunities for error are enormous. A careless mistake of enclosure, a stupid misspelling or incorrect title will lead to most embarrassing situations and defeat the very purpose of the entire system which is, of course, personal contact and intelligent consideration of individual customers' needs. The personnel of this division must be impressed with the importance of their work and the necessity for ceaseless vigilance. Much depends upon the type of individual in charge.

Personal Contact

As personal contact is necessary to the closing of practically every sale, the purpose of these selective mailing campaigns of predetermined application is to advance customers' interest to a point where solicitors can close with as few interviews as possible. This applies, of course, to the bank's major services or facilities such as personal trusts. Secondary services, such as safe deposit boxes or Letters of Credit, can be efficiently sold to customers through mail campaigns alone. In this work the current progress file, mentioned before, is of inestimable value. With it you can trace the origin and development of all business received and check the relative merits of every type of solicitation, every letter, every booklet. In this way a valuable library of successful promotional pieces can be formed for constant use.

Experience has proven that the most effective type of bank printed matter for introductory mailings is a simple, short exposition of the service offered with perhaps the application of one or two important features dramatized. This coupled with a coupon or return card inviting requests for additional information quickly breaks down a list, permitting efficient concentration with minimum waste. To those requesting additional information your more expensive literature, completely developing the subject, is assured an interested audience. A further response from this smaller group definitely indicates receptiveness to a personal call. This method of increasing the effectiveness of customer mailings strikingly proved itself in a recent campaign conducted by my bank. To a large list of some 12,000 customers, hand picked as possible trust prospects, a short letter was sent offering suggestions for revising estate plans in line with present financial conditions. A ten per cent response resulted. When you consider that a 2 to 3 per cent response is a very fair return under average circumstances the value of the preliminary customer analysis is apparent.

While I have purposely emphasized the advantages of a controlled system of selective customer education, I do not mean to exclude entirely the place of a general program in making customers familiar with their banks. Such a program, however, should be largely institutional and serve as a background for the offerings of specific service. Printed material for general circularization of customers should be 100 per cent institutional or of the broadest possible appeal and application. To illustrate with the obvious—Mrs. Thompson, a wealthy widow, may be one of your best checking account customers but you would hardly think it necessary to send her an outline of your corporate trust facilities that she might become more familiar with your bank. Nevertheless, Mrs. Thompson might remove her account, particularly in these times, if you have not successfully created in her mind an impression, however vague, of the general financial strength and responsibility of your institution.

Right now in this period of reconstruction I believe a strong background of institutional talks to customers essential. The general public's faith in our financial system has been rudely shaken. But certainly one thing the "bank holiday" proved, if nothing else, is the abso-

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BONDS AND INVESTMENTS

"Human beings who have to use dollars simply will not stand still while the government or the central bank is putting through the manipulations. They will on the contrary, inevitably, in order to protect their own interests, do things which will defeat the purpose of the government or the central bank"

The Practical Impossibility of a Commodity Dollar

By BENJAMIN M. ANDERSON
Economist
The Chase National Bank

THE LAWS of money are not simple mechanical laws, subject to precise mathematical formulation. The laws of money are statements of the way in which human beings react when they are dealing with money. They are not made by government. They are not made by economists. They are *discovered* by economists through a study of the nature of the human mind, and through a study of the history of the behavior of men in dealing with money, supplemented by an analysis of such statistical data as are available bearing upon the mass behavior of men dealing with money. This involves a study of the other institutions which money includes: the markets for goods, the markets for foreign exchange, the "money market," the capital market, as well as the less organized markets where exchanges take place.

An economy based on money is an economy in which individual men seek to make gains or to avoid losses, and adjust their behavior to the best of their knowledge and ability toward these ends.

Three Proposals

There are three main types of proposal for regulating the price level by currency or credit manipulation. The most definite and exact is that of Professor Irving Fisher, who has proposed to have the government or the Federal Reserve Banks redeem paper money in a varying amount of gold, the amount increasing as prices rise, with a view to pulling them down, and the amount decreasing as prices fall, with a view to raising them again.

At the opposite extreme is Professor Cassel's plan. Professor Cassel, leaving the gold standard in operation, would undertake to stabilize prices by regulating the volume of credit. If prices are falling, he would have the Federal Reserve authorities increase credit, and if prices are rising he would have the Federal Reserve Banks decrease credit, expecting by this procedure to hold the general average of commodity prices stable.

In between is the plan of Mr. J. M. Keynes. He would seek to manipulate the quantity of money and credit, with a view to keeping prices stable, but he would also make use of gold in the process by having the central bank fix temporary buying and selling prices for gold, varying these two prices from time to time. The great difference between Fisher's plan and Keynes' plan with respect to the use of gold is as follows: Fisher would have an automatic rule; Keynes, on the other hand, would leave discretion to the managing authorities, both as to the time and as to the amount of the change in the gold behind the currency, both Fisher and Keynes would, in general, make changes in the same direction.

Professor George F. Warren, the well-known Agricultural Economist of Cornell University, whose doctrines are supposed to have had large influence in the making of our recent policy, has himself offered no independent plan. His views seem to lean most strongly toward those of Professor Fisher, though there is evidence that he has been influenced by other writers as well.

Buying and Selling Price

Americans have fortunately been spared, for over fifty years, the necessity of thinking in terms of buying and selling price of gold, and the notion is an unfamiliar one to our public. The thing to bear in mind here is that a high price of gold means a low value for paper money, that a rising price of gold means a falling value for paper money.

A great deal of sympathy may be expressed for the view of the business man, that it was hard enough to do business when the morning paper had to be studied only for the prices of the commodities in which he dealt and the circumstances affecting their markets, but that it is doubly hard when he must also make calculations every day to determine what the dollar is worth. He might well feel that it is triply hard, if he has to reckon further with both "buying price" and "selling price" of gold, and to guess which price, if either, will govern the day's transactions!

Credit Control

The plan of regulating prices by varying the gold content cannot be sucessfully combined with the plan of controlling prices by means of increasing or decreasing credit, as Mr. Keynes proposes to do. The point is that your surrender control of your money market to the play of speculators in gold and foreign exchange and to the transfer of capital funds from one money market to another when you manipulate the gold content. This has been shown above in the demonstration that the money supply would be shortened, bank reserves depleted and interest rates rise when it was anticipated that the gold content of the dollar was to be lowered, while the reverse influences would take place if it was anticipated that the gold content was to be increased. At the time when your policy of controlling prices by increasing or decreasing credit called for expansion, credit would contract, and at the times when your policy called for contracting credit, credit would relax. Space does not permit me to discuss here the general question of control of commodity prices by means of expansion and contract of credit. I content myself by referring to a number of the *Chase Economic Bulletin,* published in 1929, called "Commodity Price Stabilization a False Goal of Central Bank Policy," and to a Bulletin on the Goldsborough Bill, published in 1932, in which the statistical evidence is brought down to a later date. My contention, elaborated in these studies, is that commodity price stabilization by means of credit manipulation is both a practical and a theoretical impossibility.

The point I wish to make at present is that these two plans of stabilization by credit manipulation and stabilization by varying gold content are contradictory plans and cannot successfully be combined in the same scheme, because speculation in gold and transfers of funds between one country and another will spoil your power to control credit.

If a country on the gold standard finds its prices falling in relation to prices in the outside world, an automatic corrective comes—the country becames a good market in which to buy and a bad market in which to sell. Its exports increase and its imports diminish. The tendency is for gold to flow into it. These forces all tend to check the price decline. A country operating under the Fisher-Keynes plan, however, would find these forces reversed. Foreign activity, as shown above, would be concentrated on taking out gold, rather than sending in gold to take out goods.

Speculation

There are some who would make rejoinder to considerations of this sort that there is a very simple of meeting all these difficulties. Why should a government pay out gold at all if speculators are going to play against the government, drawing out gold and returning it as their interests dictate? Why should we permit foreigners to take out gold or send in gold at their pleasure rather than at ours? We will cut through it all by paying out no gold, and have irredeemable paper money. Or we will let it be known that if speculators and foreigners do not behave, we shall from time to time suspend gold payment, resuming it after the speculators and foreigners have learned their lesson, or we will keep them uncertain as to what we are going to do, so that they won't know what to do. It may be observed, however, that it is precisely on uncertainty that speculation thrives.

But the main point here, of course, is that measures of this sort throw away the whole project of commodity price stabilization by varying the gold content of the dollar. If commodity prices are to be regulated by gold manipulation, then gold must be manipulated and the rules must be adhered to, including the redemption of paper money in gold. The subject here under discussion is the possibility of regulating commodity prices and stabilizing commodity prices by varying the gold content of the dollar, and the verdict is that it is a practical as well as a theoretical and technical impossibility.

Reducing Gold Content

There has been an immense disappointment on the part of those who expected a great rise in commodity prices to follow the sharp reduction in the value of the dollar as measured against gold, or as measured in the foreign exchange market of gold standard countries. The mathematical theory of the thing would have called for a nearly 66 per cent rise in commodity prices in the United States to accompany the nearly 40 per cent decline in the gold value of the dollar.

But the student of money and banking had few illusions about it in advance. It was clear that the shock to confidence throughout the world that would follow the cutting of the gold content of the American dollar would be so great that it would destroy credit on a great scale, and make men hesitant and timid for a prolonged period, and that a 50 per cent cut in the gold value of the dollar, far from leading to a 100 per cent rise in commodity prices, would lead rather a great fall in prices as measured against gold and a very disappointingly small increase in prices as measured in the reduced dollar.

After all, the great bulk of the business of the world is done on credit. Moreover, in times when men distrust the future of paper money, gold itself rises in value as measured not only against paper money but also as against goods, because men turn to gold as the one sure thing that will survive the wreck of currencies and the changing policies of governments, and seek to protect themselves by hiding away their wealth instead of using it courageously in production as they would do in a world of reasonable financial certainties.

It was clear in advance that there could be no automatic, mechanical, point for point response of commodity prices to gold content manipulation or exchange depreciation. What was to be feared was, rather, an uncontrollably violent price movement if the confidence of the great masses of the people in their currency was shaken.

Stabilization

We have today a fearful uncertainty, disturbing to all markets and to all business activity, regarding the future of the dollar. Contracts involving any length of time are exceedingly difficult to make. Fears and uncertainties are exceedingly paralyzing. Certainties are needed to restore confidence. A debased dollar of a definite and sure gold content is surely to be preferred to an unanchored paper dollar which men fear may easily go much lower. A definite stabilization of the dollar, with fixed gold content of, say 65 per cent of the old par, with courageous resumption of redemption in gold and of the issue of new dollars against gold, at the fixed rate, would be immeasurably preferable to the existing uncertainty. I believe that if this were done, we should get such a renewal of confidence as would make a very substantial rise in commodity prices in the country.

The reaction of our people while our currency has been in process of depreciation, with no definite objective in the relation between gold and paper money publicly announced, has been one of bewilderment. Their reaction to a definite, once-for-all debasement would be very different. A paper dollar, fluctuating uncertainly between 60 and 70 per cent of par, has much less effect in raising commodity prices than a gold dollar definitely fixed at 75 per cent of the old value would have. Certainties are needed to generate confident action.

Surely the demonstration is complete that you cannot get a controlled point-for-point rise in prices, according to the mathematical theory of the devaluationist, by debasing the paper dollar in terms of gold or gold standard currencies. But the danger is grave that you may get a wild and uncontrollable speculative flare-up, of incalculable magnitude, wrecking the credit of the government and everything else, if currency manipulation continues until it frightens our 120,000,000 people, leading them into a wild competition with one another in the effort to get rid of their depreciating dollars.

PROSPECTS FOR BUSINESS IN 1934

(Continued from Page 8)

prevents long-term financing by means of bond issues and mortgages which normally provide funds for purchasing durable goods. During all of 1933 the production of durable goods has been restricted by lack of adequate financing, and it seems probable that the influences that have checked investment in them this year will continue in 1934.

The production of consumption goods, which are short-time goods, is largely done by short-term credits, and it presents relatively little difficulty even in times of serious depression. The problems of financing the production of durable goods are entirely different and far harder. Those are long-time goods and in the main their output is financed by long-term credits. Durable goods are not mostly bought in stores at retail. They are largely purchased from the producer and paid for by borrowed funds.

In recent months the flow of long-term financing by corporation through bond issues has almost ceased, and there are no present evidences that it is likely to be promptly resumed. There are now available so many well seasoned bonds of good quality which may be purchased below par that investors are quite unlikely to be willing to buy new issues. And yet it seems impossible to restore the durable goods industries to anything like normal activity until either private capital or public funds will enter the long-term loan market on a great scale.

One reason commonly assigned to explain the nearly complete suspension of the issuing of new corporate bonds this year is that the new Securities Act of 1933 almost prevents financing by responsible firms. This is undoubtedly an obstacle, but we do not yet know how serious a one. Clearly these two other obstacles, of doubt about the possibility of making profits, and fear for the future of our money, are of greater magnitude.

Prospects for 1934

It does not now seem likely that we are going to experience in 1934 the uncontrolled inflation that people everywhere are discussing. The chief reason why excessive inflation is unlikely is that it is inherently difficult to induce it in a country where nearly all business is done by checks representing private bank credit instead of with government currency.

The prospects are that we shall continue to do business next year with money that is unsound, but not continuously and rapidly depreciating in value. It seems likely that recurring threats against the integrity of our national credit will force the administration into an irregular and unplanned crystallizing of a national financial policy with reasonable stabilization of values.

We are going to have a great national debate about our money in 1934, and much discussion of those many features of our new program in which projects for the reconstruction of our economic order are clearly in conflict with business revival. From it all one principle will probably stand out in clear relief. It is that recovery has now become a more pressing problem than reform. Our greatest need is unemployment relief through business expansion, promoted by private enterprise, and financed with sound money. Probably 1934 will be a year of slow progress toward material salvation, but rapid progress in economic education.

The Teller Tells the World

By C. W. FISHBAUGH

A SPEAKER told this joke at a recent bank meeting:

A Negro had been arrested for stealing chickens and the judge sentenced him to sixty days in the local jail. As the Negro left the room, it sounded strangely like he said: "God dam' de judge."

The judge rapped his gavel and cried: "What did you say?"

"Nothing boss, nothing," said the prisoner, "'cept, God am de judge."

⁂

THE FALL meetings of the Iowa bankers association always have some vital question for discussion. Two years ago it was the National Credit Corporation. Last year it was the Regional Agriculture Credit Corporation, and this year it was the Federal Insurance Deposit Corporation. (And I hope next year it's: "I can remember way back in 1929-1933 when there was a depression.")

⁂

I'VE LOOKED at some of the code of charges adopted by some of the states, and if they are lived up to, it means profit to bankers. And they ought to be lived up to. The public has shown they don't want bad banking, so it's up to us to give them good banking, and while doing this, the public should pay for it. It's worth it to them.

⁂

SINCE 1492 (the year Columbus sailed the ocean blue) the world has produced $22,937,647,000 worth of gold, more than half of which was produced since 1902. Yet with all that gold being produced the price has remained stable. Those that complain at inflation should note that: more than eleven billion since 1902, but still sound money.

⁂

I NOTE that Henrietta Maria, consort of Charles I, was the first woman to receive pin money. It seems the Pinmakers Guild of London paid the king 500 pounds a year, which he turned over to the queen as pin money.

⁂

THE GOVERNMENT is certainly asking a lot of favors of bankers. For instance, they ask that banks cash the CWA checks without an extra charge. Very good. They ask that banks help borrowers make application for corn loans without charge. Very good. The CCC officers except to get payrolls made up without charge. Not so good. It being the same thing as going to the local grocery store and saying: "We're buying these groceries for the government. We'll pay you what they cost, no profit or handling charge allowed." What would the butcher, the baker and the candlestick maker say to a proposition like that?

⁂

LLOYDS of London turns an eye towards America. Lloyds tackle the kidnapping problem. It offers 100 to 1 that a child will not be kidnapped and 125 to 1 that grownups will escape that misfortune. Policies are limited to $50,000 on children and $100,000 on adults. The insurance is handled in complete secrecy by one trusted agent. Now, bankers, you need no longer fear 'nappers.

⁂

I DON'T know what caused the depression, but I can say this much—that the fiddler is being paid by a whole lot of us who didn't dance (and didn't know how to dance at all).

⁂

THE Home Owners' Loan Act lacks the teeth to make it a success. It says that the loan can be made if the mortgage holder will accept the bonds. Some mortgage holders are not tender hearted. Instead of taking a bond, of whose value they are not sure, they would rather foreclose on the home owner, and obtain a property at a low cost. Before this act can be very successful, it must be changed in some way, that the mortgagor must accept the bonds or extend the mortgage with low interest exactly like the bonds do.

⁂

THE CURRENCY vogue has stretched out to the middle west. A number of years ago I can remember when we would use five or six hundred silver dollars on a Saturday. But now five dollars worth of "iron mikes" will last a week. I remember of hearing Eastern people speaking of how unusual it was to see a silver dollar back East. If this keeps on, it'll be about the same out in the Corn Belt.

⁂

FOR YEARS it has been the custom for banks to get a quantity of gold, so customers could purchase gold pieces for Christmas presents. But this year the kids and grownups will have to be content with new one dollar bills and new five dollar bills. I'm not particular; a few bills like those would do me very well.

INSURANCE
Its Application to the Banking Fraternity

Some pertinent questions that will help every representative to make a frank and honest analysis of the effectiveness of his own methods of speech.

Speech—The Salesman's Most Important Weapon

EVERY time a life underwriter interviews a prospective client, the success or failure of the presentation hinges upon his sales talk. It is essential therefore that he be continually on the alert to see that this all important weapon is kept up to a maximum of effectiveness.

What the sales talk contains and how it is delivered are the two factors that tell the complete story. We have published sales talks recently on some of our special plans, and there is a wealth of material available from which a presentation can be made to contain the most up to date and convincing sales slants. The other aspect of how the talk is delivered is one that is frequently neglected. Careless habits of speech, or irritating mannerisms of which the salesman is quite unconscious may often make an unfavorable impression upon the prospect, and distract his attention from the matter under discussion. Many a well-planned presentation has lost effectiveness because of failure to consider the essential points of a good delivery.

A candid friend who will listen to your sales talk and give you his honest opinion of it from various angles, can be a great help. Lacking such frank comment, you can with great profit examine your own presentation by giving yourself an unbiased answer to the questions which follow.

The essential points of good sales delivery are brought out in these five questions:

1. Do I speak clearly?
2. Do I speak too much?
3. Do I speak too little?
4. Do I speak by rote?
5. Do I speak convincingly?

1. Do I Speak Clearly?

How often does a prospect have to interject to the query "Whassat?" or the request "Say that again!" Inarticulate or rambling speech is bad in itself, but when the indistinctness is increased by such habits as stroking or partly covering the lips, smoking a cigar, or tapping the teeth with a pencil while talking, the prospect will usually relinquish the effort to hear, and lapse into an indifferent silence until the presentation is over. Some salesmen slur their sentences and drop their voices for emphasis—others "boom" so that they may be heard by all those around the prospect. A pitch of voice which can be easily heard by the person to whom the talk is being addressed but which does not disturb the worker at the next desk, is the ideal tone to cultivate. If you look your prospect frankly in the face, speak unhurriedly, give each word the proper pronunciation and emphasis, you can rate yourself high in the matter of clear speech.

2. Do I Speak Too Much?

Although it is impossible to lay down any arbitrary rules about the correct length of a life assurance interview, it might profitably be observed that much speaking alone will not gain a sympathetic hearing. Insufficient preparation causes many speakers and salesmen to pour out a flood of words in the hope that the lack of material will thus be concealed. Nervousness or over-anxiety to put across the sale will sometimes result in a salesman hastening to fill in a silence, or forestall an interruption by the prospect. Then again there is the verbose salesman, who enjoys his easy flow of speech, and his ability to pile up smashing and unanswerable arguments. He is often deceived by what may appear to be interest on the part of the prospect, but is in reality only patient endurance based on the confidence that the talk cannot go on indefinitely.

The salesman who realizes that a tendency toward lengthy presentations should be discouraged, and that the only way to achieve the successful minimum of speech is by a maximum of effort, will go far in improving the sales technique.

3. Do I Speak Too Little?

An incomplete presentation is just as ineffective as one which is too lengthy, but as this fault does not occur so often, suffice it to point out that the main facts of the policy plan should be clearly covered, and questions of objections raised by the prospect should be fully dealt with.

4. Do I Speak by Rote?

Arguments on the effectiveness of the "canned sales talk" have been plentiful among life underwriters, as among all groups of salesmen. Those entirely convinced of its usefulness realize that the memorized presentation must be polished, perfected, personalized, and delivered in such a way that the prospect is not conscious of the fact that he is listening to a standard talk. On the other hand the opponents of this type of canvass, too often instinctively give a "by rote" sales talk themselves because they have used the same arguments in the same old way so many times. New sales slants and new methods of presentation are always essential to hold the prospect's interest.

5. Do I Speak Convincingly?

This is probably the most important question of all, for a presentation that is interesting, novel and complete, will fall flat unless it is delivered in an enthusiastic and convincing manner.

With these thoughts in mind try over your sales talk on yourself. Analyze it from every angle and give yourself an unbiased answer as to whether you could sell yourself additional protection with the sales tools you are now using on your prospects.—(This is an adaptation of a self-analysis chart prepared by *Marketing.*)

Business and Banking in 1934

(Continued from Page 4)

Bankers code should not be used for the payment on the insurance, as the banks are entitled to a return of their costs of doing business. I believe there will be a large increase in deposits and that this new money will in a large measure be used by the banks to purchase government bonds which will in turn assist the government in financing their obligations."

FROM Bridgeport comes the following statement:

"I believe that the general feeling or attitude of the public is much improved. However, outside of the RACC, the various recovery agencies set up by the government are more or less failures so far as the people of this district are concerned. The agency set up for the relief of real estate indebtedness is a total failure and we hear considerable complaint among our farmers.

"We believe that the Federal insurance of deposits will have very little effect on us and the outlook for 1934 will depend greatly on the prices for grains and livestock received by our farmers."

ANOTHER well-known Nebraska banker, Dan V. Stephens, president of the Stephens National Bank of Fremont, has the following to say:

"The farmers are certainly pleased with the hog, wheat and corn program. These three features will greatly enable the farmers to meet the outrageous prices that have been forced upon them very largely by the packing industry.

"The packers have apparently undertaken to take advantage of every step the government has taken. Instead of co-operating with the government they have apparently attempted to take the processing tax on hogs out of the farmers instead of adding it to the consumer. At any rate hog prices have dropped to almost unheard of levels, notwithstanding the fact that millions of them were destroyed last year. The same is true of the price of fat cattle. They have borne down the price of this product to a level that is ruinous to the producer and in our judgment unjustified. The cure for that will be to take over the industry and put it in the control of the co-operatives.

"The farmers, as above stated, are certainly pleased with the wheat and corn program, which is going to lift them out of the shadows this winter. Millions of dollars worth of corn is being turned into cash rapidly through the government loans, which automatically will raise the price of corn to 45 cents a bushel or better. It cannot help but revolutionize the situation of the farmer and small town merchants and small banks.

"What effect will deposit insurance have on your bank and community? The effect undoubtedly will be very beneficial in that it will restore the confidence of the people to a large degree in the course of time in the banks.

"To say that the confidence of the people has not been tremendously shocked as a result of the moratorium last March and the breakdown of our banking system at that time would be to ignore one of the most amazing and crushing conditions that has ever confronted the banking business of this country.

"The question uppermost in every man's mind is: "How can the people have their confidence restored unless they have some sort of governmental assurance that banks are going to be able to pay their deposits no matter what happens?" If that confidence cannot be restored they will continue to deposit their money in postal savings.

"Our banks in this town have increased greatly in deposits. This bank has almost doubled its deposits since March 4th. Therefore we know that there is twice as much confidence in our bank now as there was prior to March 4th and our bank is in a strong position now but, notwithstanding this fact, last week the defunct Union National Bank of this city paid a 25 per cent dividend. A great deal of that dividend, of course, went to pay debts, but that that did not go for that purpose, was divided up between the two banks here and the post office. We haven't the exact division of it but we do know that a considerable amount of it was deposited in the post office. The point in favor of the insurance of deposits is that it puts the banks in a better position to compete with the government depository—the post office—and in our judgment it will work out that way.

"Concerning the insurance of deposits the writer has always held to the doctrine that the government had no business to set up a legal depository in the form of a bank and give it a charter to receive deposits unless the government was prepared to back up its charter with a guarantee. In other words, it is immoral and unsound for the government to drive private bankers and private interests out of the banking business and set up an exclusive corporation authorized to receive deposits unless it makes that corporation a safe depository. It seems to me that this is sound ground on which to stand and it justifies the full and complete steps that the government may make in forcing those who enter the banking business to insure beyond question of a reasonable doubt the depositors of funds against loss.

"I think the Glass-Steagall Bill is the break of day to the banking business in America. It is the first comprehensive piece of legislation that is calculated to force the banking business to be respectable and certainly the government and those responsible for good government are liable for the conditions the country finds itself in at this time.

"It is the break of day for America all along the line. We will never be the same again in business, politics or religion. America has been shocked into new ways as effectively as if an earthquake had upset all of the old ideals and standards. The minds of men have never been so free to take on new ideals as they are now. Tomorrow will be a great day for America and the whole world."

Nebraska News

E. E. PLACEK, President
Nebraska Bankers Association

WILLIAM B. HUGHES, Secretary
Nebraska Bankers Association

Proposed Code Adopted

PROVISIONS of the proposed code for Nebraska banks, exclusive of Omaha, Lincoln, and other clearing house cities, decided upon by co-ordinating committees of the seven state groups at Grand Island, were announced recently at the office of W. B. Hughes, secretary of the Nebraska Bankers' association.

The code will be forwarded to the national code committee at New York, and then, if approved, will go to Washington.

Code recommendations for non-clearing house banks include:

Banks may remain open not more than 42 hours per week.

Interest on certificates of deposit, maximum, 3 per cent.

Interest on savings accounts, maximum, 3 per cent.

Service charge on small accounts, 50 cents per month where average balance is less than $50, allowing five free checks during the month for the 50-cent payment, and one free check for each $10 of average balance above $50.

Overdrafts, minimum charge 25 cents, and a similar charge every third day for duration of overdraft.

N. S. F. checks returned, each 25 cents.

Bonds received for collection, 10 cents per one hundred dollars, minimum charge 25 cents.

Contract payments collected and remitted or credited, 1 per cent, minimum charge 25 cents.

Coupons received for collection, 25 cents per one hundred dollars, minimum 25 cents.

Drafts received for collection from outside points, presentation fee, which must accompany draft to assure presentation, 25 cents; charge, 10 cents per one hundred dollars, minimum 25 cents.

Outgoing drafts, 10 cents per one hundred dollars, plus charge made by collecting bank, minimum charge 25 cents.

Notes received for collection, $1 per one hundred dollars, minimum charge $1.

Collection of rents for farms or residences, when acting as agent, 5 cents.

Collecting light, power, phone, gas and water bills and lodge receipts. Minimum charge to collector per item, 5 cents.

Checks on out-of-town points left for collection by depositors, minimum charge up to one hundred dollars, 15 cents. Amount above that 5 cents per one hundred dollars, plus any collection cost assessed by collecting agent.

Checks on out-of-town points left for collection by nondepositors, minimum charge up to one hundred dollars, 25 cents; amount above first one hundred dollars, 10 cents, plus any collection cost assessed by collecting agent.

Cashier's checks, 10 cents per hundred dollars or fraction thereof, minimum charge 10 cents.

Certified checks, flat charge 25 cents.

Drafts, 10 cents per hundred dollars or fraction thereof, minimum charge 10 cents.

Traveler's checks, ¾ of 1 per cent of the face value, minimum charge 40 cents.

Transfer of funds by telegram, cost of telegram plus 50 cents per hundred dollars or fraction thereof up to one thousand dollars.

Charge to out-of-town companies. Cream and similar checks 1 per cent, minimum charge 10 cents per envelope.

Cashing checks for non-depositors, ¾ of 1 per cent, minimum charge of 10 cents, when cashing checks drawn on out-of-town banks.

Coupons received over the counter, payable out of town, minimum 10 cents per coupon from each bond of five hundred dollars or less and minimum 20 cents per coupon from each bond of over five hundred dollars, and 5 cents for each additional coupon from bonds of the same issue and maturity maximum charge for any one issue 50 cents.

Purchase or sale of bonds, including United States bonds, actual brokerage plus $1.25 per one thousand dollars, minimum charge 50 cents.

Exchange of bonds, 50 cents per thousand dollars, minimum fee 50 cents. In every transaction which involves a registered fee, postage and insurance, such expense shall be charged to the customer, in addition to the above charges.

Cashing checks for out-of-town firms, their branches or agents. On all out-of-town firms or individuals having accounts in bank and who require bank collection services, a minimum dead balance of five hundred dollars is required in addition to analysis of account and draft and exchange fees.

Renew Charter

At a meeting of the stockholders of the Farmers Bank of Merna, held recently, formal action was taken to amend the Articles of Incorporation to include a provision to extend the bank's charter 25 years. The Farmers Bank is now operating under a 25-year charter, issued January 18, 1909, extending until January 18, 1934, and action was taken at the meeting to make application for another 25 year charter, until 1959.

Christmas Savings

Lincoln's three downtown banks paid $110,454 to 2,751 Christmas savings club members, a tabulation of the 1933 accounts shows. Compared with the two previous years, this is a small decrease in both amount and number of depositors.

According to bank officials, about 50 per cent of the money put into Christmas savings, goes directly into the channels of trade. A large portion is used in the purchase of Christmas presents, supplies and other immediate purposes. Another large amount is used to meet January 1 obligations. It also was stated that much of the money that does not go into trade channels is placed on time deposit.

Group Five

About ninety bankers from the Colorado line to Clay and Nuckolls counties gathered in Holdrege for a meeting of district five.

The session was held in the banquet room of the Hotel Dale starting about 7 o'clock with H. S. Johnston, of Imperial, presiding.

The tentative bankers' code, drawn up by Nebraska officials was presented. It was discussed at similar meetings all over the state.

Valley Merger

By the merging of two state banks at Valley and the capitalization of the combined institution, which opened recently for unrestricted business with enough cash on hand to pay its entire $100,000 of deposits, the number of banks now operating under state charters in Nebraska on a 100 per cent basis was increased to 264.

Assistant State Bank Superintendent Woods announced that the old Farmers' State bank of Valley and the Valley State bank, both running under specific limitations imposed by the state department, had been reorganized separately and then consolidated under the name of the Bank of Valley, with $25,000 of capital stock and $5,000 surplus, all paid in as new cash by the stockholders.

Bogus Money

Warnings have been sent out that a large number of counterfeit $10 federal reserve notes have been put in circulation in Nebraska during the past few weeks. The bogus money is on the Federal Reserve Bank of Kansas City, Mo., and of the 1928 series, with serial No. 10335444718A. They have a photograph of Alexander Hamilton, and are of fairly good color and workmanship. Anyone seeing one of these bogus notes is asked to notify the sheriff or police at once.

Clearings

A report of the Lincoln Clearing House association showed local bank clearings for November totaled $6,872,284.96. Although this figure is above the $6,224,524.35 cleared in the same month of 1932, it falls below October of last year. The October clearings amounted to $7,329,897.

The Omaha Clearing House association reported for the month of November a gain of nearly $12,500,000 in bank clearings compared with November, 1932. This is an increase of almost 15 per cent—the largest for several years. It was not until a few months ago that there was any gain at all.

November's clearings totaled $91,770,806.13. For the same month of 1932 they were $79,327,880.53.

County Meeting

The bankers of Thayer County, part of group 1, of the state association, Fred Bruning of Bruning, president, and Paul A. Ude of Deshler, secretary-treasurer, met at Alexandria recently to consider the code of fair competition. After going over the proposed rules and adopting a tentative code, a delicious banquet was served and thoroughly enjoyed. Twenty representatives were present.

Annual Meeting

The annual meeting of shareholders of the City National Bank of Greeley will be held in the banking rooms on Tuesday, January 9, 1934, at 8 p.m., for the purpose of electing a board of directors for the year 1934, and for the transaction of such other business as may legally come before said meeting.

Banker Dies

Thomas D. Griffin of Hardy, died recently. He had been in poor health for some time and a short time ago he underwent a major operation from which he failed to recover. He was prominent in business circles, being connected with the Hardy Bank and the Superior State Bank.

Meet in Blair

The bankers of Douglas, Sarpy and Washington counties long years ago formed a bankers association which has proved very helpful to the members. The meetings are held quarterly at Millard, Valley, Omaha and Blair consecutively.

Recently the meeting was held at the Clifton hotel in Blair with twenty-six members present, all banks in the three counties being represented except Bennington and Millard.

Guests from Tekamah and Lyons were also in attendance as was William Hughes, secretary of the Nebraska Bankers association.

With Land Bank

W. T. Eckerson, Ravenna attorney, will enter the ranks of the workers at the Omaha Land Bank. Mr. Eckerson will work during the week in Omaha, returning to Ravenna on week-ends to attend to private affairs.

The Omaha Land Bank is smothered under a crush of work at the present time. Applications for loans are coming in thick and fast and the Omaha institution has to handle the loans from four large western states including Nebraska, South Dakota, and Wyoming.

Cashier Fifty Years

On December 3, 1933, Mrs. Lou A. Conklin of Hubbell passed her fiftieth year of service as cashier of the Hubbell bank and for most of those years she was active in the work of the bank.

She was married to William H. Conklin of Hubbell December 2, 1883, and became cashier of the Hubbell bank on December 3, 1883. She has held this same position in the same bank for fifty years. W. H. Conklin died December 3, 1924.

Beautiful chrysanthemums and roses were received from the officers of the Omaha National bank of Omaha and the Interstate National Bank of Kansas City. The Hubbell bank has carried an account with the Omaha National Bank for over fifty years.

Hogan Stays

Word was received recently from Washington, D. C., to the effect that although considerable "noise" had been made to the contrary, D. P. Hogan, president of the federal land bank at Omaha, would be retained. The message also stated that Arthur Mullen, of Nebraska, who has been in the capital, is returning home.

County Loans

A total of only slightly under two million dollars has been lent in Cherry county by the Omaha Federal Land bank.

The last formal report, covering the period up to last June since the bank was started, showed $1,750,000 in Cherry county, with the state's total 75 million dollars. Many more loans have been made since.

T. C. Hornby, a vice-president of the bank and a former resident of Valentine, has supervision of Nebraska loans.

Buys Preferred Stock

The new First National Bank in Aurora has been approved by the Reconstruction Finance Corporation in its Omaha office, so far as the purchase of 200 shares of preferred stock is concerned. The recommendation of the Omaha office went into Washington recently and with the approval of the National office, then the $20,000 of preferred stock, which the government takes in this new enterprise, will be assured.

Clearing House Officers

The annual meeting and election of officers and directors of the First Nebraska Bankers' Regional Clearing House Association was held at the Hotel Pathfinder in Fremont, December 15. The officers for the coming year are: president, J. M. Sorensen, Fremont; vice president, C. C. Neumann, Oakland; and secretary-treasurer, V. E. Dolpher, David City.

After the election a general discussion was held in regard to the NRA code for Nebraska banks.

Kansas News

County Meeting

The Wilson County Bankers' association held an evening meeting in Lafountaine recently. The time was spent in discussing the bank code and proposed service charges. Those in attendance from Neodesha were: Ed Moulton, W. H. Hill, A. K. Reppert, C. A. McCullough, G. C. Pitney, E. E. Chapman, Estal Starr and W. S. Pettit.

New Director

Directors of the First National Bank of Junction City at their meeting recently, elected Edwin Hooper as a director to succeed the late Senator G. W. Schmidt. Mr. Hooper for many years was a prominent farmer and landowner in eastern Geary county. He retired a few years ago to make his home in Junction City.

Meet in Eureka

The Greenwood County Bankers' Association met in Eureka recently. Members of all the banks in the county, with the exception of two, were present and took part in the discussion. H. F. Rockhill, of the Citizens National Bank of Eureka was elected president of the association for the coming year; Earl Behmer, of the First National Bank of Hamilton, vice president; E. J. Marshall, of the Home National Bank of Eureka, secretary-treasurer.

Members of the association from outside Eureka who were present at the meeting were: W. O. Waymire and Warren Waymire, First National Bank of Madison; E. B. Shaffer and P. D. Fankhauser, Madison State Bank; R. J. Aitchison and Edwin S. Harris, Virgil State Bank; Lee Brodrick and C. Q. Wichersham, Fall River State Bank;

Earl Behmer, First National Bank of Hamilton.

Annual Meeting

The Cherokee County Bankers' Association held their regular meeting and annual election of officers in Baxter recently.

John D. Conrad was chosen as president of the association for the ensuing year.

Fred Weiss of the Baxter State Bank retired as president of the county association.

The main purpose of the meeting was to discuss the provisions of the NRA bankers code.

Those who attended the meeting were as follows:

Baxter Springs — Fred Weiss, Riley Burcham, Howard Lumbley, Earl Love, J. D. McIntosh, A. L. Harvey, John Conrad, and Ed Whitaker.

Galena—Tom Moeller, John McCullagh, Arthur Moorman.

Columbus—C. W. VanZandt, F. E. Hainer, Robert LaRue, W. T. Hamlet, and Miss Helen Finley, stenographer.

Weir—J. C. Broadley, William Morton.

Joplin—R. A. Evans.

At Wellington

A meeting of the Sumner County Bankers Association was held at the Security State Bank in Wellington, and upon instructions from the State Bankers Association, submitted figures on service charges in connection with the bankers' NRA code.

The figures were not made public as they must first be accepted by the NRA committee of Kansas, the national committee and President Roosevelt.

Out-of-town bankers present were: B. F. Wynn, M. N. Overall and John N. Nyce, sr., of Caldwell; M. H. Wooden of Argonia; Harlan Altman of Milan; Gordon E. Meils of Mayfield; Lester Hoppes of Corbin; J. E. Mathes, Homer Hunt of Conway Springs; Dick Wilson of Belle Plaine; Claude Hough, S. G. Campbell and S. F. Kimble of Mulvane; Homer Jester, T. E. Donley and Tom Jester of Oxford.

Wellington bankers attending were: E. M. Carr, F. N. Anderson, George Slothower, Hubert Richards, George Harbaugh, Lester Jeter and Harold Sanner.

At Scott City

Bankers from Wichita, Lane, Greeley, and Scott counties met in Scott City recently at the First National Bank building.

The purpose of the meeting was to study the new government code and discuss its application to this district.

R. E. Hollister, chairman of the association, and C. E. Trego, officials of the First State Bank, were representatives from Leoti.

Charles Smith, Modoc, is secretary-treasurer of the association.

Reorganized

The Garden City National Bank, closed since the bank holiday last March is being reorganized with the expectation that it will be opened early this year.

Olney D. Newman, vice president and cashier of the Coats State Bank, the second oldest bank in Pratt county, Kansas, will be vice president and cashier of the new Garden City bank. Other officers and directors will be Garden City men, whose names have not yet been announced. The bank has been operated by a conservator since March.

Consolidation

Consolidation of the First National bank at Luray and the Waldo State bank was completed recently. The plan contemplates taking over the good assets of the two banks and to release the restrictions which have been placed upon the Luray bank since the bank holiday was declared last March.

Under the plan as entered into the banking officers will be at Luray, with J. P. Ruppenthal of Russell, as president of the institution. J. A. O'Leary and E. A. Ford will have active management of the bank, which will be good news to the people of that territory. The capital stock will be increased to $25,000 with a goodly surplus account, now carried by the Waldo State bank.

In Newton

H. E. Suderman, David McGowan, C. W. Claassen, Glenn Miller, and Vernon Nelson and George Hanna, Newton bankers, attended the code meeting of group 5, Kansas Bankers' association at the Hotel Allis recently. The Harvey County Bankers' association was represented 100 per cent.

The meeting was called to consider the recommendations on the code upon which a committee had been working.

New in Concordia

E. G. Crawford, of Cameron, Mo., an experienced banker who comes here highly recommended, has been elected vice president of the First National Bank of Concordia and has taken up his new duties.

Mr. Crawford, who is a married man about 35 years of age, is associating himself with the First National Bank in an executive position with the intention of making Concordia his future home.

In Topeka

At the regular annual meeting of the Shawnee County Bankers' association, H. D. Wolfe of the National Bank of Topeka was elected president, succeeding J. F. Close of the Citizens State Bank of North Topeka. William Macferran of the State Savings Bank was elected vice president, succeeding Wolfe, Fern Clinger of the Central National Bank was reelected secretary-treasurer.

Colorado News

Announce Officers

Officers of the new First National Bank of Grand Junction, have been announced. They are L. G. Carlton of Colorado Springs, president; A. E. Jorgeson, vice president and acting head of the institution, and E. R. Thomas, cashier.

L. G. Carleton is head of the Carlton interests and well known throughout the inter-mountain region. He is president of the First National bank of Cripple Creek, vice-president of the First National bank at Canon City and has interests in Denver and Colorado Springs.

Officers Retire

Harold Kountze, vice president and chairman of the board of the Colorado National bank, Denver, announced the retirement of two of the oldest officials of the bank, both widely known Colorado bankers.

Julius H. Kolb, vice president, retired as vice president after fifty-three years with the local institution. John M. Whitmore retired as assistant cashier after twenty-eight years with the local bank. Both will devote their time to their personal investments.

William L. Robertson, who has risen in the service of the Colorado National bank from a messenger, was named assistant cashier. He has lately been assistant auditor. No additional vice president has been named.

Adopt Code

Bank members of the Western Colorado Regional Clearing House association adopted the NRA code of fair competition December 1. Counties embraced by this association are Grand, Routt, Moffat, Mesa, Pitkin, Chaffee, Garfield, Ouray, Lake, Park, Jackson, Montrose, Eagle, Delta, Rio Blanco, Gunnison and Summit.

Heads Clearing House

George F. Trotter, president of the Western National bank, has been elected president of the Pueblo Clearing House association.

Edwin McCabe, who also is assistant cashier of the Pueblo Savings and Trust Co., was elected vice-president and C. M. Thompson, assistant cashier of the First National bank, was elected secretary.

Tear Gas

The Brighton State bank has installed four tear gas guns in the bank building for their protection against holdups. They are placed at most advantageous places in the bank and may be discharged by the pressing of a button. The buttons are placed in various places behind the cage. The pressing of one button discharges all four guns.

To Wichita

David J. Miller, young Greeley attorney, has been notified from Wichita that he has been appointed to the legal staff of the Federal Land Bank of Wichita, the appointment being effective immediately.

Mr. Miller and his wife, the former Lydia Alles of Greeley, have left Greeley for the new position.

New Bank

Stock subscriptions for the new First National bank of Boulder passed the $69,000 mark recently with more activity on the part of workers than at any previous time. Depositors in both banks are awaking to the seriousness of the situation and the possibility of smaller payments under a receivership.

An enthusiastic meeting of workers was held at the First National bank and a majority of the names of depositors that had not already been assigned were given to various members of teams to call upon.

To Open

Purchase by the RFC of $25,000 worth of stock in the First National Bank of Aurora will result in reopening of the institution this month, Congressman Lawrence Lewis announced in Washington. Capital stock of the bank will be increased from $25,000 to $50,000. The bank closed at the president's order in the general holiday last March.

Leaves Brush

That Brush is to lose one of its most prominent citizens became known through the resignation of Floyd A. Hansen, assistant cashier of the Farmers State bank, which takes effect immediately.

Mr. Hansen goes to Hastings, Neb., to be connected with the American National bank of that city as cashier.

The newly organized bank is opening with a capital of $100,000.

Resigns

Claude K. Boettcher, chairman of the board of directors of the Denver National bank, resigned recently because of provisions of the national banking act which prohibits bankers from continuing in the investment or brokerage business.

Mr. Boettcher, who has served twenty-two years on the board of the Denver National and nine years as chairman of the board, is a member of the firm of Boettcher, Newton & Co. He announced he would continue his financial interest in the bank.

Consolidations

Two important bank mergers took place in Elbert county recently. The Elizabeth State Bank was taken over by the Elbert County Bank at Elbert and the Stockgrowers State Bank at Kiowa was merged with the Kiowa State Bank at Kiowa and the combined business of the two latter instituions will continue under the name of the Kiowa State Bank. Where there were four banks in that section of the county there will be but two now, one at Kiowa and one at Elbert. J. J. Kruse is the retiring cashier of the Stockgrowers bank at Kiowa and E. F. Tighe, of the Elizabeth institution.

State Charter

The First National bank of Gallup, in hands of a conservator since the banking holiday, has been reorganized and a state charter granted by State Bank Examiner John Bingham.

The charter was granted December 4 after complying with all requirements of the New Mexico state banking laws, John Emmons, president of the First National and one of the new incorporators, announced.

The new bank will be known as the First State bank. Incorporators are J. A. Brentari, Glenn L. Emmons, L. R. Goehring, Royall S. Smith and John Emmons.

Code Rules

New Mexico banks are operating under a code of fair competition recently adopted.

Under this code banks will charge 50 cents a month for each checking account which drops below $50 during the month as at present. However, only ten checks can be written against this account without extra charge. For each additional check two cents will be charged.

An additional "free" check is allowed for each $10 balance in the account. No charge will be made, regardless of the balance, if no checks are drawn on it.

Under the code, charges will not be waived on small checking accounts because the depositor has a large savings account.

Heads Clearing House

W. S. Haston, cashier of the American National bank, Silver City, was chosen president of the New Mexico Clearing House association, District No. 1, at a meeting held in Las Cruces, by bankers of the district. The bankers have agreed on a code which has been submitted to Washington for approval.

DEPRESSION HITS THE BANK ROBBER

(Continued from Page 7)

months time-lock protection on reserve cash during banking hours will become standard banking practice to exactly the same extent as night-time time-lock protection against night-time burglary. When this result is accomplished the bank robber fraternity will be forced to accept the proposition that they have either got to be content with the counter cash absolutely necessary for the operation of the bank or else remain in the bank until the time-lock runs down.

Speed is the very essence of a successful bank robbery. The most hardened mob of bank robbers will hesitate to go into a bank and wait fifteen or twenty minutes for the time-lock to run down. Of course, in some cases this will happen and the bank will sustain a total loss under its policy. In such an event the insurance company will gladly make good up to the face amount of its insurance.

It is not contended or contemplated that the new program will eliminate the possibility of a total loss. The purpose of the program is to reduce the number of serious losses to the greatest extent possible. This brings us up to the question of whether or not a bank can operate under the program with the conventional night-time time-lock without the necessity of installing any new equipment. In my opinion this is possible. It does, however, cause a considerable amount of inconvenience to the bank and involves certain contingent risks which a great many banks will be glad to avoid.

This inconvenience and risk can be entirely eliminated by the installation of a delayed time-lock device or a delayed time-lock unit, that is, a cabinet with a delayed time-lock.

For larger banks who are in position or who desire to spend a considerable amount of money for protection against bank robbers can install standard tear gas protection or standard Bandit-Barrier protection thereby relieving themselves of all restrictions of operation and escaping the 15 per cent limit on cash outside of time-lock protection. Even where tear gas or Bandit-Barrier protection is installed it is highly desirable that the bank protect its cash and securities with time-lock protection.

Tell About It

I cannot over-emphasize the importance of advertising the fact that your reserve cash is protected by time-lock or if you have tear gas or a Bandit-Barrier advertising the fact that you have such protection. Bank robberies are planned events. Our reports show that in almost every case the situation is studied minutely for days or weeks before the actual robbery occurs. The habits of the officers and employees are studied and, of course, the people planning the job become cognizant of protective devices, etc.

If your time-lock protection is well advertised by a large placard in the window and in the lobby the likelihood of an attack is reduced to a minimum.

As it becomes recognized by bank robbers that all banks protect their excess cash and negotiable securities with a time-lock at all times while the bank is open for business, the danger of an attack will be progressively reduced.

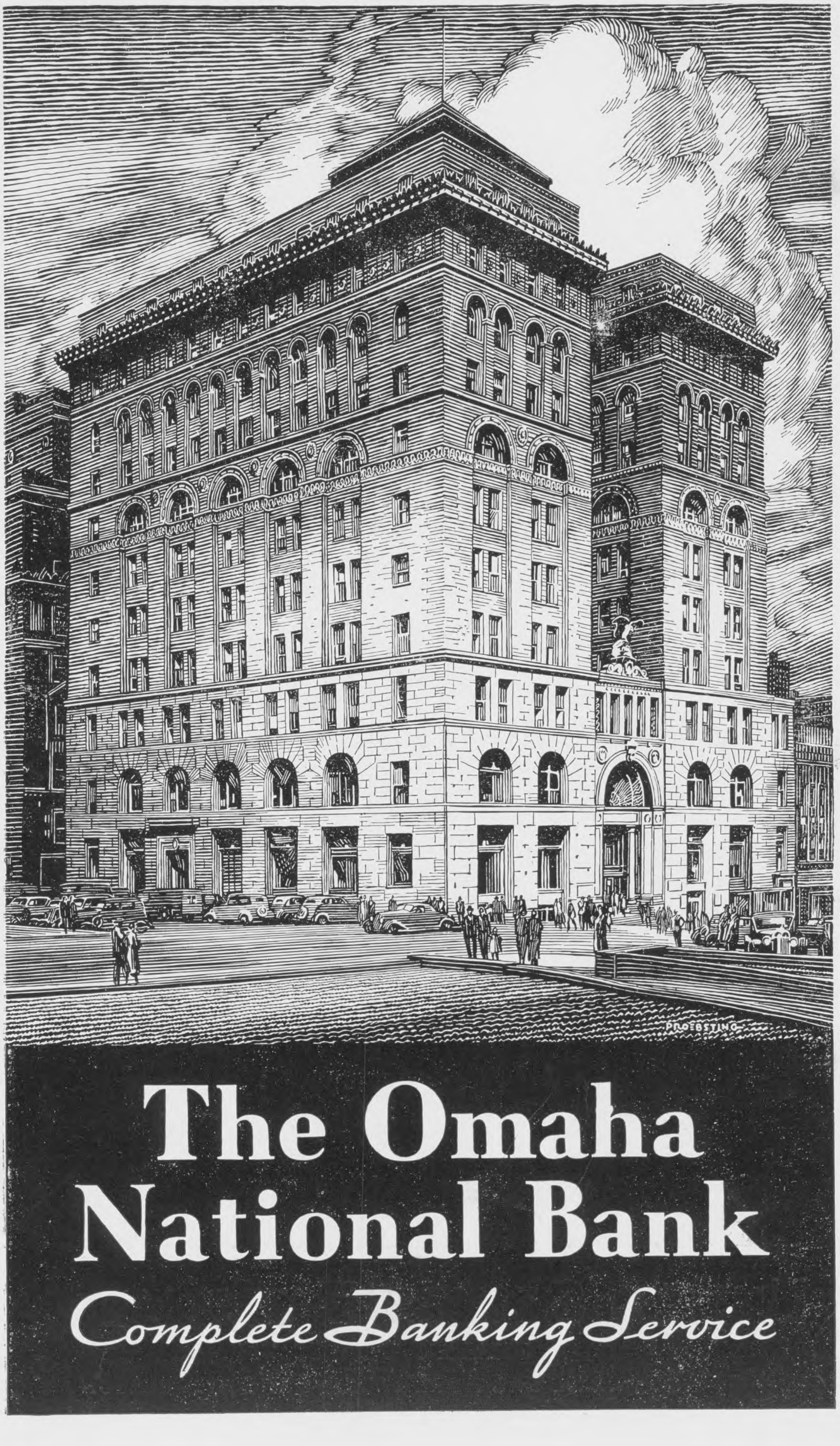
Over and above the reduction in money losses, this new fundamental movement means protection to the lives of the officers and employees of the banks.

The fundamental objective that we have got to achieve in order to materially reduce the number of bank robberies and the amount of loot poured into the pockets of bank bandits is to take the profit out of bank robbery. This is really the bankers fight because insurance rates are controlled by the amount of losses sustained. A substantial reduction in losses will, in due time, form the foundation for a reduction in rates. We must work shoulder to shoulder to bring about a still further depression for bank robbers and make it permanent.

HOW TO MAKE CUSTOMERS FAMILIAR WITH YOUR BANK

(Continued from Page 10)

lute necessity of banking facilities to the normal functioning of our everyday social and economic life. This is an advantage. Capitalize it. With an awakened, even though critical, interest in banking and banking topics, your messages to customers are assured an unprecedented attentive consideration. After restoring or strengthening your institutional position, translate your services to them in terms of application to their individual, personal, and business financial needs. Through a system similar in purpose to the one I have outlined, make it your business first to become familiar with your customers before attempting to make them familiar with you. Mutually profitable relationships will result.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