# MID-CONTINENT BANKER

*The Financial Magazine of the Mississippi Valley & Southwest*

JANUARY, 1971


## OUTLOOK ISSUE 1971

## Bankers Predict Higher Deposits, Lower Earnings for 1971

## 1971

**Outlook for**

Savings, Personnel, Housing, Charge Cards, Agriculture, Investments

## 1971

**Outlook for**

The Economy, Legislation, Autos, Credit Demand, Interest Rates, GNP

# You ask about...industrial development

**Q** Why did Firestone, Uni-Royal, and Weyerhaeuser select sites in Oklahoma for new major plants?

**A** Natural resources, labor supply, transportation and tax rates, market potential for the product, education and training facilities — all of these considerations — and many more are a part of the evaluation process. Liberty's national account officers are in close touch with many corporate decision makers on plant location. When *you* wish advice on approaching an Industrial Development prospect for *your* community, draw on the long experience of Liberty's national account officers. Ask your Liberty contact man for more information.

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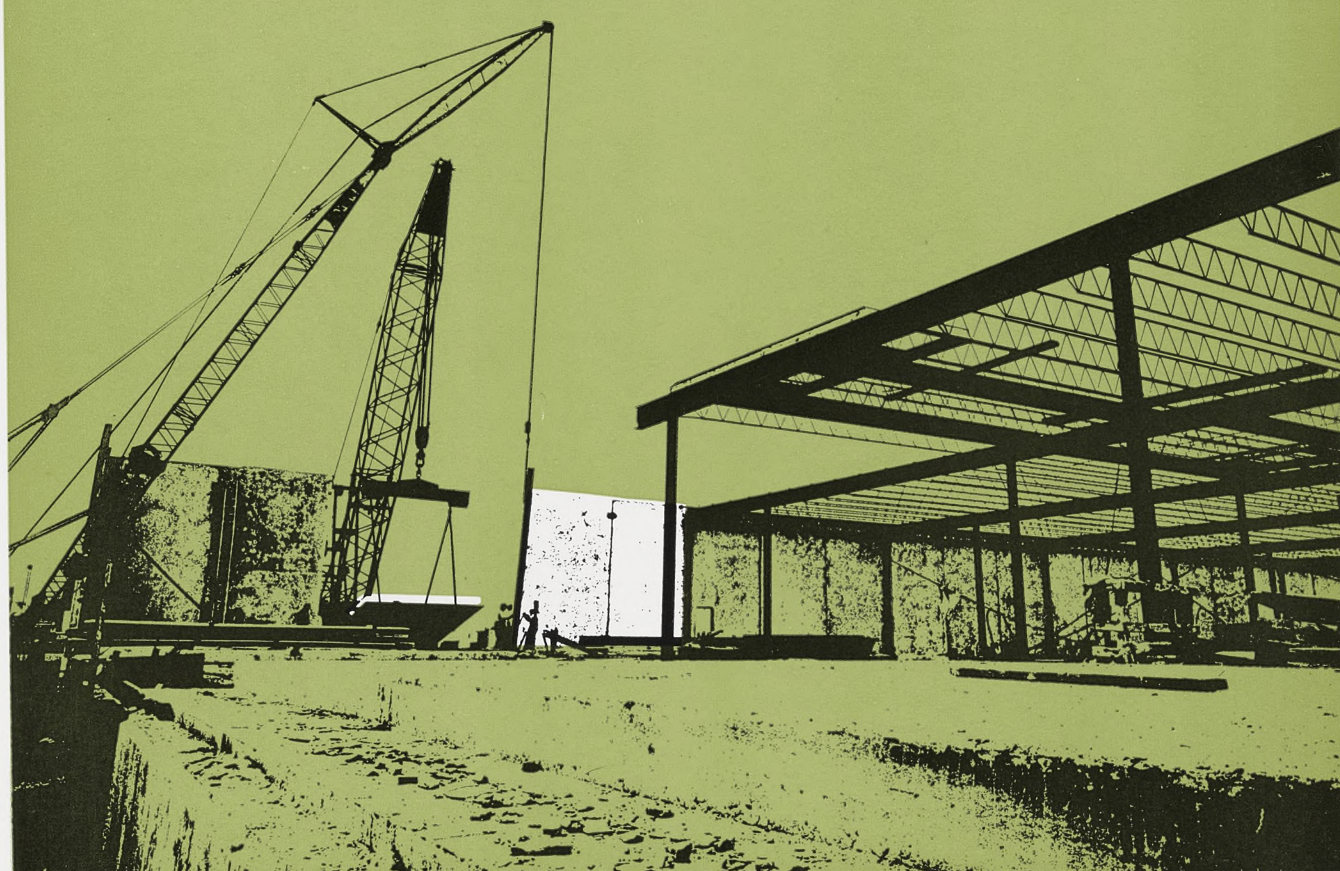
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Have a question? Get the answer . . . at your Liberty.

## Norman, Blakemore Retire, Shwab, Gathright Raised At Louisville Institutions

LOUISVILLE—The retirements of the top executives of First National and Kentucky Trust have been effected and successors have assumed their offices.

J. Van Dyke Norman Jr., chairman, First National, Kentucky Trust and First Kentucky Co., and Neville Blakemore, president of Kentucky Trust, retired December 31. Both had reached mandatory retirement age.

Named as successors were Hugh M. Shwab Jr., formerly vice chairman of First National, to fill the vacancies created by Mr. Norman's retirement; and Joseph R. Gathright, formerly executive vice president of Kentucky Trust, to become the new president of Kentucky Trust.

Keith C. Spears will continue as president of First National.

SHWAB

GATHRIGHT

NORMAN

BLAKEMORE

Mr. Shwab began as a messenger boy with Lincoln Bank in 1933. Lincoln merged with First National in 1960. Mr. Shwab served as a teller, assistant cashier, vice president, senior vice president and executive vice president before becoming vice chairman in 1969. He has been a director of the Louisville Branch of the St. Louis Fed since 1969.

Mr. Gathright, who practiced law before starting his banking career, was secretary to the mayor of Louisville from 1934 to 1936 and served as assistant city attorney for two years prior to joining Kentucky Trust as assistant trust officer in 1938. He became vice president and trust officer in 1956, sen-

*(Continued on page 48)*


# MID-CONTINENT BANKER

*The Financial Magazine of the Mississippi Valley & Southwest*

**Volume 67, No. 1** **January, 1971**


## FEATURES



## DEPARTMENTS



## STATE NEWS

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MID-CONTINENT BANKER is published 13 times annually (two issues in May) by Commerce Publishing Co. Editorial, executive and business offices, 408 Olive St., St. Louis, Mo. 63102. Telephone GArfield 1-5445 (Direct Dialing 314-421-5445). Publication office, 1201-5 Bluff St., Fulton, Mo. 65251. Second-class postage paid at Fulton, Mo. All advertising and editorial material meant for publication in MID-CONTINENT BANKER should be sent to 408 Olive St., St. Louis, Mo. 63102.

NEW YORK: 2 West 45th St., New York, N. Y. 10036. Telephone (Direct Dialing) 212-582-7126.





SUBSCRIPTION PRICE: Three years $16.00; two years $12.00; one year $7.00. Single copy $1.00. Foreign subscriptions: $20.00 per year.

WANT ADS: Forty cents per word, minimum charge: $10.00.

COMMERCE PUBLICATIONS: Mid-Continent Banker, Life Insurance Selling, American Agent & Broker, Mid-Western Banker, Club Management, Decor.

THE BANKING SCENE

By Dr. Lewis E. Davids
Hill Professor of Bank Management
University of Missouri

# Unit Banks Vs. Registered BHCs

A CONSIDERABLE NUMBER of presidents of small banks in Missouri and other unit-banking states are currently engaged in a lot of "soul-searching."

Most of these individuals, at one time or another, have been active and vocal in the "Independent Bankers" movement.

What has caused this introspection? It would appear that they find themselves on a course they considered prudent and appropriate in the past but which now may have undergone some major changes—so much so that a material number are wondering if they should re-examine their previous stance. At this point it is not too clear as to the ultimate results as one reads such headlines as "Liberalized Kansas Branch Law Far Off" and "Illinois BA Again Supports Unit Banking." On one side a high-level spokesman for the major registered holding company in Missouri recently pointed out that at least *five* of the current directors or officers of the component unit banks of his holding company were in the past *leaders* in the state's Independent Bankers Association. While five out of a bit more than 100 directors and officers should not be blown out of context, it probably is more interesting and significant if related to the collective board composition of that holding company.

At the latest Missouri Bankers Association convention in St. Louis, I enjoyed a cordial conversation with a leading "independent banker" in Missouri. Several years ago, his son was a student of mine. Our conversation turned to his son—and I had mixed feelings to learn that the son had decided to make his own career in life and had elected not to succeed his hard-working and dedicated banker father. The next point we discussed was what this decision meant to the father—his bank and the local rural community. The father, a major stockholder, is close to 63 years of age and had hoped to be able to transfer control of the bank to his son. There was, and is now, for this reason a real but not insolvable problem of finding an appropriate successor. I mentioned what the average 1970 business administration bachelor graduate at MU and our master's of business administration were being offered this spring. The annual range came to $8,100-8,400 and $12,000-12,500, respectively, though some majors such as accounting may be higher. These were average figures and most employers who look for an executive understudy to step up in a few years to top management of a bank would and do have to pay more than the average for a well-rounded, top-ranking student. The banker felt that this was more than his bank could afford in terms of the existing salary pattern of his bank.

We pursued what alternatives were available. For example, he could try to develop his successor internally, but apparently, though this was not discussed, there was in his mind some question as to whether anyone on his existing staff could be trained in time to step into his shoes. Another possibility was to proselyte a young but capable banker from a competitor, a supervisory agency or possibly from his city correspondent. This did not meet with a great deal of enthusiasm, probably because it was recognized that the type of man who was needed to do the job would probably not only be priced high but would also insist upon a "piece of the action," including stock options and insurance commissions.

This led to the difficult question (especially for a "unit-banker" advocate) as to whether the problem would be more expeditiously and profitably resolved by looking into the advantages and disadvantages of joining one of the state's several bank holding companies.

It was interesting to learn that the outstanding "independent" banker has already been approached by more than one of the holding companies in his state. He had considered several proposals and as of this writing had rejected them. He was, and is, a man of conviction since I am sure the offer for the bank's stock was higher than he could get should he attempt to sell control as a unit bank.

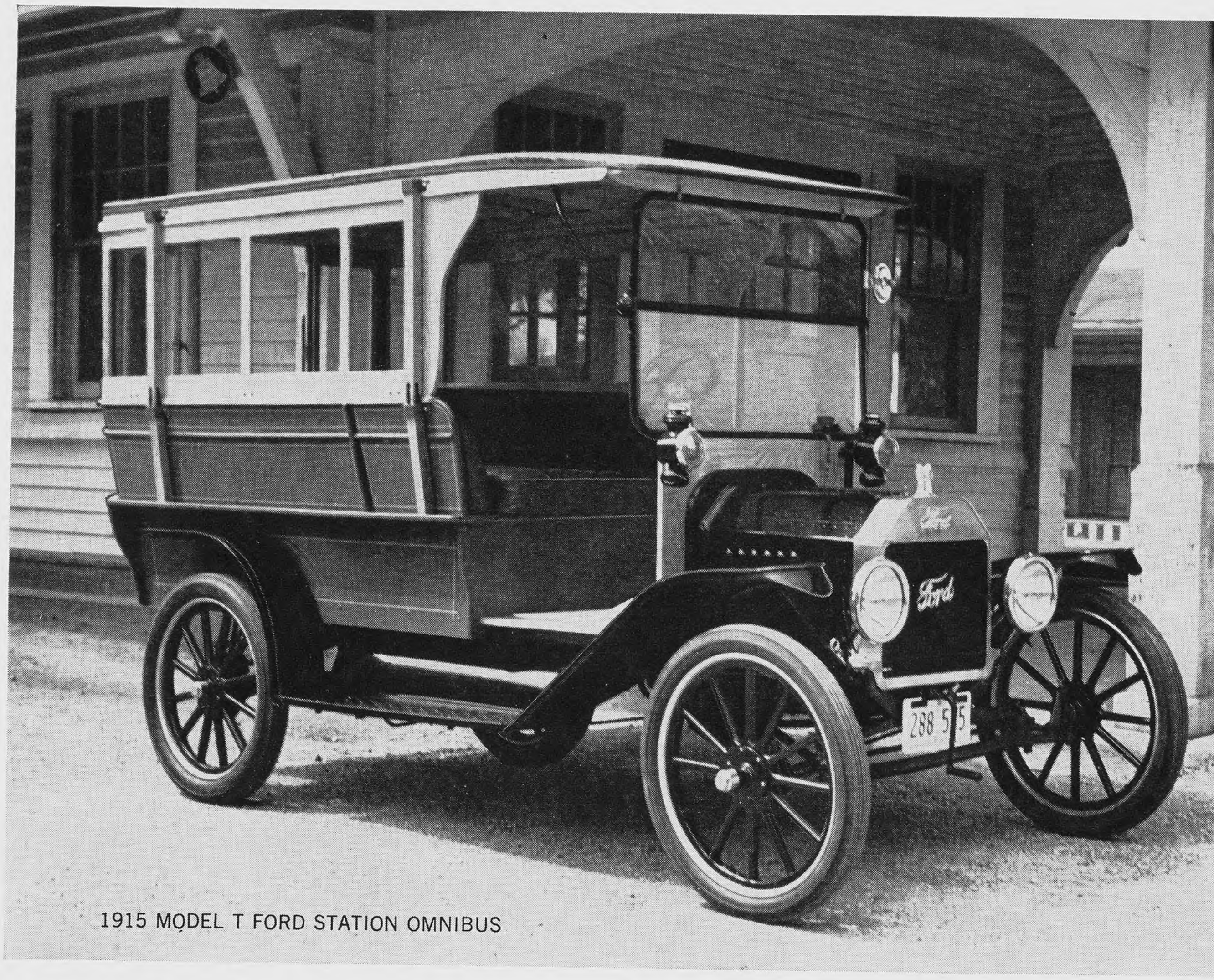
It would be refreshing to be able to end this modest dissertation on a conclusive and happy note such as the banker found his No. 2 man who was capable of stepping up to CEO and now he could look forward in a year or two to a well-earned retirement. But that is just not so.

At another recent bankers' conference, Charles Van Horn, regional comptroller of the currency and regional administrator for national banks of the Second District, reaffirmed that, in his opinion, the single most important problem of the smaller bank is the provision of management succession. So in one sense that nice country banker is not alone in his quest. It does raise, however, the continuing question of the plight of all too many "independent" country banks.

In 1945 there were 14,142 commercial banks in the United States. At the beginning of 1969, there were 13,678. Of the decrease, 205 were due to voluntary liquidation or suspension while in the same period there were 3,145 mergers or absorptions. (The difference is due to some 2,886 new banks being chartered, largely in new shopping centers and suburban developments.)

How would an objective observer view the situation? It is truly hard to say. Proposed legislation on one-bank holding companies and current high interest rates and supervisor scrutiny on terms of bank sale loans could make it difficult for that unit independent to sell his bank as an independent bank. If he sells it as one, there is no assurance that the new purchaser will not make a quick profit and sell it to a

*(Continued on page 69)*



1915 MODEL T FORD STATION OMNIBUS

# Dependability...

This model T Ford was built in 1915, the same year DeLuxe began operations in its first small plant in St. Paul, Minnesota. The old car was dependable for a long time but it finally wore out, collapsed and was ultimately restored to its former glory.

The little company gave dependable service too . . . and has continued to do so without interruption for the past 55 years. Things got a little sticky back in 1951 when a flood put our Kansas City plant under eight feet of water, but check orders were routed to Chicago and St. Paul and service, though somewhat slower, continued.

So our solicitation for your business emphasizes dependability. We occasionally stress overall quality, or fast service, but in the final analysis, we think if you look upon us as dependable people, we have a better chance to win and hold your business.

**DELUXE CHECK PRINTERS, INC.**

SALES HDQTRS. • 3440 N. KEDZIE, CHICAGO, ILL. 60618
STRATEGICALLY LOCATED PLANTS FROM COAST TO COAST

## Colossal Money Sale

To celebrate the opening of its new downtown Head Office, Cleveland's Continental Bank promoted a colossal week-long money sale. In full page ads in metropolitan newspapers, the bank offered special discounts on all its many services.

Typical of the offers made were auto loans at a special low rate of 9.31% compared with the usual rate of 15.9%, 50% off on safe deposit boxes, travelers checks at 1 cent per $100 and money orders for 12½ cents each.

Among the offers that attracted the most attention were cabbage at 5 cents a head and bread at 10 cents a loaf. Oldsters will remember when "cabbage" was a slang term for money as "bread" is today.


Richard Schulist, vice president, Continental Bank, Cleveland, offers rock-bottom prices on cabbage and bread in the bank's "money sale" which celebrated the opening of its new downtown headquarters.

## Noodles to Bring Boodle

There IS something new to be done for a bank opening! Beloit (Wis.) State proved it by giving away cans of soup when the bank opened its expanded drive-in. Newspaper ads featured chicken noodle soup and rhymed "Use your noodle—Bring us your boodle!" And furthermore: "Tomato: Our bank is greato!" "Bean: Saving with us is keen!" "Vegetable: Just count the 'Extrables'!"


# New Ideas

The idea was that of William F. Donahue, Beloit State president, who expanded it further by donating quantities of soup to agencies that aid needy families. The word is that this gimmick so soupy drove Beloit quite loopy.

## Community Message Sign

Bank of Naperville (Ill.) recently installed an electronic sign that is intended for the use of community organizations which want to publicize local events. The bank reported "wide use" of the installation and has found it necessary to ask organizations to register two weeks in advance for use of the sign.

## Everything's Roses!

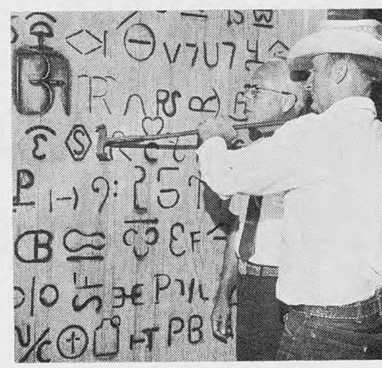
Anniversaries and birthdays aren't the only times people receive roses. The opening of a bank's new branch is a big occasion, too!

First National, Richmond, Ind., recently opened its Southview Banking Center and hand delivered neighborhood invitations to the open house. The invitations carried pictures of the Southview staff and of the manager, Ron D. Lear. The goodwill payoff was that a freshly cut "Forever Yours" rose, grown in Richmond, was delivered to each front door in the immediate area, along with the invitations.

The "we-care-for-you" theme caused a good deal of comment. Some residents stayed home on days they expected the visit, not to miss the rose! Invitations that could not be hand delivered because no one answered the doorbell were mailed—without the rose touch. Residents of the wider area, likewise, received invitations by mail.

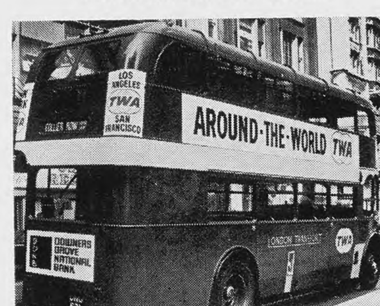
## Roundup Dedication Party

The new Bank of America Oakdale Branch recently held the most unusual "roundup" ever seen out West. More than 200 ranchers in the area were invited to bring their brands to the bank's dedication party. The various brands, some dating back to 1852, were burned into a wood panel near the entranceway to the new building.

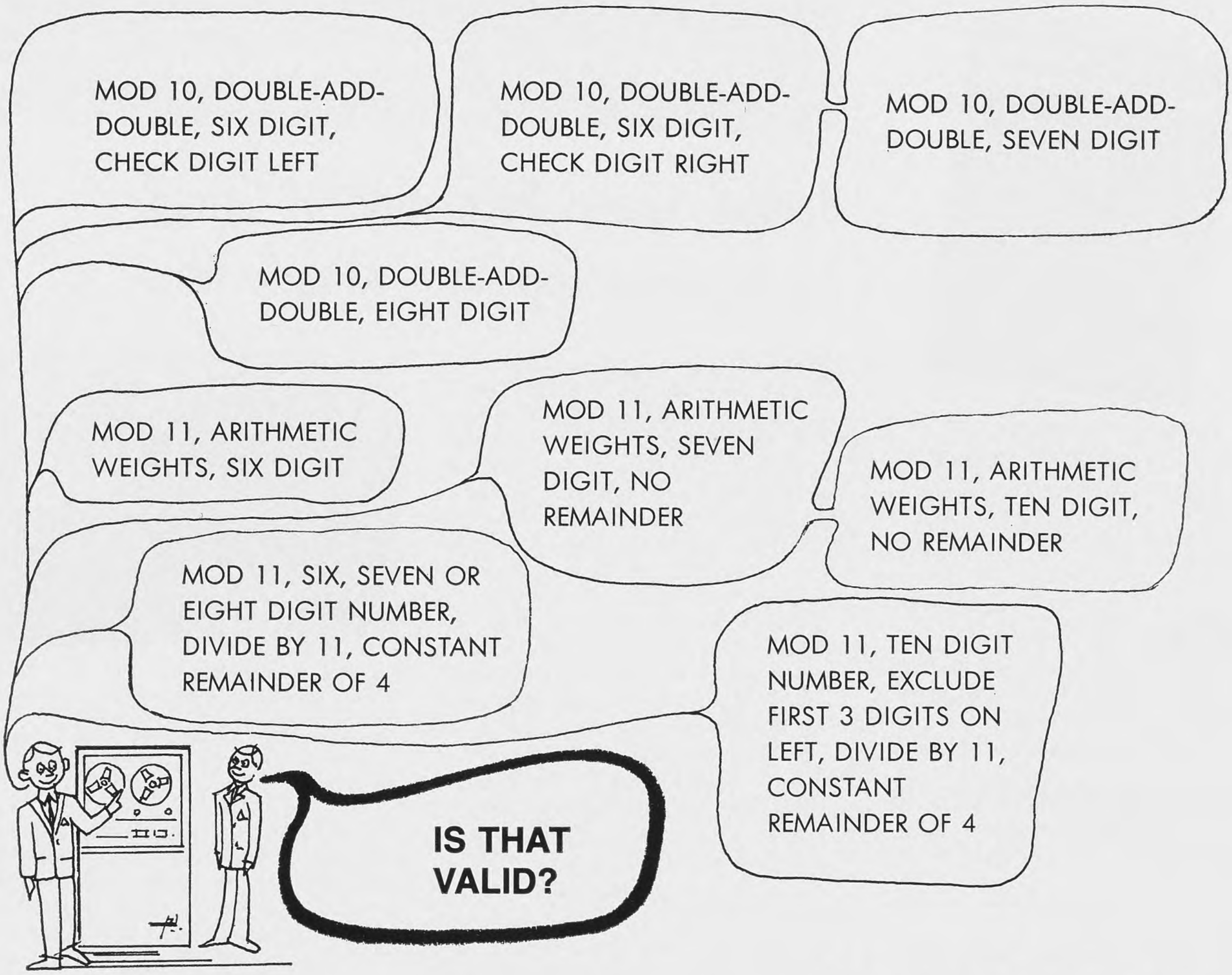


The illustration shows cattleman Andy Oliver placing his brand as David Doig, branch manager, watches. The big brand at top left is the bank's recently introduced logo and directly above it is Mr. Doig's personal brand, a lazy HD with a quarter circle. The cattlemen presented Mr. Doig, who has been known to participate in roundups himself from time to time, with a silver buckle, with his own and Bank of America's brands on it.

## Bank Gives Bus Rides




Downers Grove (Ill.) National used this authentic, double-decked London bus as part of the ceremonies opening the bank's new quarters. During the three-day event, the bank invited visitors to board the bus for free sight-seeing rides around the Downers Grove community.




# If you use one of these 9 common check digit validation numbers...

## we will validate your account numbers for you!

Automatically—and at no extra cost to you—Harland offers this unique service as a follow-up in printing your business and personalized checks.

Here is how it works: At the same time your checks are printed, a billing document is also generated. This document is run through a computer and checked for readability. If you use any of the above 9 validation routines and let us know, we will validate each of your check orders as it is processed through the computer.

In the event an invalid number is printed, we immediately reprint the checks correctly and send them to your customer with instructions to destroy the incorrect order.

Only Harland offers this unique service because only Harland uses a computer billing system with the capability of checking MICR readability and validating account numbers. Many banks have *already* taken advantage of account number validation. How about you? For more details, ask your Harland Representative or write us.

**Only Harland validates your account numbers. Only Harland!**

THE Innovators

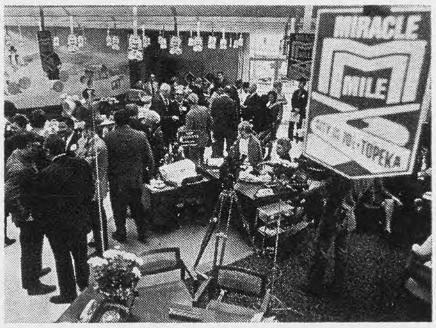
*JOHN H. HARLAND COMPANY*

*Bank Stationers From Coast To Coast*
P. O. Box 13085 • Atlanta, Georgia 30324

# Industrial Development

## Banker Sparks Formation of Group To Promote Topeka's "Miracle Mile"

THANKS to a Topeka banker, the city now has a "Miracle Mile"—the busy stretch of Topeka Avenue from the Kansas Turnpike north to 29th Street. This area was officially named and dedicated at a gathering of civic and business leaders November 29 in the lobby of the Capital City State Bank. The president of the bank, Mrs. Georgia Neese Gray, was the originator of a suggestion to form the Miracle Mile Association, whose members would work together to beautify and promote the "southtown main street." The association is composed of executives of the various businesses located along the street. In addition, the association has a volunteer steering committee that will push the progress of the Miracle Mile concept.




Lobby of Topeka's Capital City State Bank is decorated with "Miracle Mile" insigne at official dedication of mile November 29. Dedication and "Miracle Mile" idea were covered by Topeka TV stations as features and news.

"There is no reason that Topeka's Miracle Mile cannot become as outstanding as those that brought fame to Los Angeles, Coral Gables, Fla., and other cities such as Chicago," said Mrs. Gray, who was Treasurer of the United States under former President Harry Truman. She added that "the proud pleasures of the Plaza in Kansas City may be found here in our own home town.

"We just took the mile for granted. Now we realize that we have a tangible and unique show-place accessible to stimulating tourist trade and sightseeing."

The mile has only begun to develop, according to Mrs. Gray, who pointed out that in one short decade, it has boomed into a bustling downtown satellite and eye-catching thoroughfare, lined on each side with a variety of shops, restaurants, motels, professional offices and other businesses. She predicted that the 1970s would witness growth there almost beyond anyone's imagination.

Pride in her city and the emerging Miracle Mile strip prompted Mrs. Gray and her husband, Vice President Andrew J. Gray, to formulate basic plans for creating an awareness of the southward thrust of Kansas' capital city. Mr. Gray is a former New York and Washington public relations executive.

"We spent almost a year trying to determine just how much the Miracle

Mile construction and services contributed to the still-growing section," said Mrs. Gray. "When we totaled the many millions of dollars spent, we were astounded."

At the official dedication of the Miracle Mile in November, Mrs. Gray also unveiled an official insignia (shown here) that soon will adorn and identify bustling Topeka Avenue. The insignia is the result of work with many artists, many of them local. Mrs. Gray revealed plans for using the insignia in many ways to advertise the district leading to the state capitol and downtown landmarks. She foresees discrete use of billboards along the highways and turnpike that make south Topeka the busiest gateway to the mile. She hopes merchants will use the insignia in their ads and that all employees in the area will put them on auto bumpers and thus boost the Miracle Mile.


Looking into the future, Mrs. Gray would like to see the concrete median strips along the mile covered with flaming red carpeting made with the wearing qualities of the artificial turf used on athletic fields. This would, in effect, give the "red-carpet treatment" and be a gesture of welcome to all who use the highway, she said.

She also has a suggestion for a city park located near her bank. "Why not dedicate it to Jim Ruyn, a native Kansan who ran miracle miles? I think Jim not only deserves the honor, but also a statue in the park."

Capital City State has donated space in its building for the to-be-formed Miracle Mile Association. The steering committee soon will draw up articles of incorporation for nonprofit purposes so that the group will be a legal entity.

"I think it is timely to do so," said Mrs. Gray. "Too many people are crying the blues these days, and it is time we realized just what a fine city and great future we have if we just take advantage of our opportunities."

Estimates, based on official figures, reveal that the equivalent of the entire population of Kansas uses the Miracle Mile going north and south each weekday. Traffic counts have been estimated conservatively at more than 2,000,000 persons, based on car traffic at the intersections of the avenue at 37th and 29th streets.

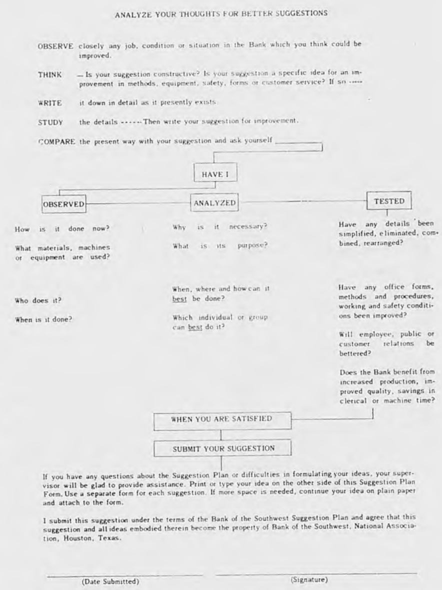
Mrs. Gray pointed out that at no time in the past six years had there been a day when some sort of construction was not underway along the mile. She added that there can be no more positive proof of progress.

The christening of the Miracle Mile November 29 marked the sixth anniversary of the dedication of the Capital City State Bank building by former President Truman. It proved to be one of the last public appearances of Mr. and Mrs. Truman, who have since confined their activities to their home in Independence, Mo. • •

# An Employee-Suggestion Program That Is Productive and Popular

EMPLOYEE-SUGGESTION programs are not new in banking nor in other businesses. Whether such programs produce many tangible results is a debatable question. However, a program called "Bank Your Thought" at Houston's Bank of the Southwest has produced many usable suggestions and is popular with the bank's employees.

As now instituted, the "Bank Your Thought" project was begun in 1957, although Bank of the Southwest had


ANALYZE YOUR THOUGHTS FOR BETTER SUGGESTIONS

OBSERVE closely any job, condition or situation in the Bank which you think could be improved.

THINK — Is your suggestion constructive? Is your suggestion a specific idea for an improvement in methods, equipment, safety, forms or customer service? If so -----

WRITE it down in detail as it presently exists

STUDY the details ------Then write your suggestion for improvement.

COMPARE the present way with your suggestion and ask yourself

HAVE I

OBSERVED

How is it done now?

What materials, machines or equipment are used?

Who does it?

When is it done?

ANALYZED

Why is it necessary?

What is its purpose?

When, where and how can it best be done?

Which individual or group can best do it?

TESTED

Have any details been simplified, eliminated, combined, rearranged?

Have any office forms, methods and procedures, working and safety conditions been improved?

Will employee, public or customer relations be bettered?

Does the Bank benefit from increased production, improved quality, savings in clerical or machine time?

WHEN YOU ARE SATISFIED

SUBMIT YOUR SUGGESTION

If you have any questions about the Suggestion Plan or difficulties in formulating your ideas, your supervisor will be glad to provide assistance. Print or type your idea on the other side of this Suggestion Plan Form. Use a separate form for each suggestion. If more space is needed, continue your idea on plain paper and attach to the form.

I submit this suggestion under the terms of the Bank of the Southwest Suggestion Plan and agree that this suggestion and all ideas embodied therein become the property of Bank of the Southwest, National Association, Houston, Texas.

(Date Submitted) (Signature)

**Employees of Bank of the Southwest, Houston, use this form to contribute suggestions to bank's "Bank Your Thought" employee-suggestion program. Awards for suggestions that produce intangible benefits range from $15 to $500, and suggestions that produce tangible benefits result in awards ranging from $15 to $1,000.**

a thriving suggestion system for many years previously. The original system was called "On Second Thought" (to fit in with the bank's former name, Second National). The program was revised and the name changed a year following the change in the bank's name and the move into a new building.

There are four "suggestion" boxes, where proper forms are available and where suggestions are dropped. The program is publicized through the bank's bimonthly magazine, *The Teller*. When suggestions are received, they are given numbers and reported in a weekly news bulletin, *The Junior Teller*. Award winners are always pictured in the monthly publication.

Bank of the Southwest's suggestion program has three objectives:

1. To increase efficiency of bank operations and to improve service to customers by encouraging employees to submit suggestions.

2. To provide a channel of communication that will demonstrate management's interest in employees' ideas and engender a sense of participation in the bank's progress.

3. To aid employee development by providing a special incentive for creative thinking.

Under the program's set-up, there are a suggestion committee, a suggestion system coordinator and an awards committee. The suggestion committee is composed of three employees, appointed by T. Don Clark, vice president and manager, employee relations department. Committee members serve on an 18-month rotating basis, each appointee serving as chairman for one six-month segment. This provides continuity for the program.

The manager of the employee relations department (Mr. Clark) is coordinator of the system, supervises the general administration and reviews disposition of all suggestions.

The awards committee consists of the employee relations department manager and the manager of the operations and services division. Awards recommended by the suggestions committee up to a maximum of $250 are approved by the awards committee. Recommended awards above $250 are approved by the awards committee and the bank's president.

In addition, each bank supervisor plays an important part in the program's operation. Supervisors are responsible for investigating suggestions that relate to their work and for recommending adoption or rejection of suggestions. It also is the responsibility of supervisors to stimulate employee participation in the plan by encouraging those under their supervision to submit suggestions and by giving employees assistance in the effective presentation of suggestions. Suggestions submitted by supervisory personnel pertaining to their own operations or divisions are not eligible for awards under the suggestion system. However, they may participate insofar as their ideas relate to some areas of the bank other than their own.

**Eligibility.** All full-time and part-time employees are eligible to take part except bank officers and members of the suggestion committee.

According to the program, all suggestions submitted are acted on. However, some cannot be considered for awards. Ineligible suggestions include: ideas already under consideration by management; ideas previously submitted to the suggestion system that are still within a one-year protection period; ideas that merely point out the need for a change without proposing a solution; ideas about routine maintenance or repair work, unless an improved method of doing the work is proposed; and ideas pertaining to employee-activity programs.

The bank makes no award for an adopted suggestion if the suggestion is one which the suggester might reasonably have been expected to make as part of his normal job duties. The suggestion system is designed to encourage creative effort beyond normal job responsibility. Generally speaking, under Bank of the Southwest's program, the lower the level of the suggester's

(Continued on page 49)

## Selling Bank Services

# Should Calendar of Advertising Be Used As Guideline by Commercial Banks?

By ROSEMARY McKELVEY

Managing Editor

IS THERE a "calendar of advertising" that banks can use as a guideline on when to spotlight certain services? For instance, should auto loans be featured especially in the early fall when new models are introduced? Should vacation loans be emphasized during the summer?

When several Mid-Continent-area bank advertising men were queried on this question, only one came up with a definite schedule as to when certain banking services should be advertised. The others indicated that there really are no traditional times to advertise particular services.

As a Chicago banker put it, "I would hesitate to set up any kind of a bank advertising schedule. People's financial needs are continuous for the most part and not seasonal." He admitted that his bank does follow a plan of advertising auto loans in late summer, home improvement loans in the spring, etc., and added that most banks also concentrate their savings advertising during the first 10 days of a calendar quarter. He emphasized, however, that banking, other than a few specialized cases such as the above, has become a year-round business and that it is impossible to predict, for the most part, when people will need money. This even applies to auto and home improvement loans, he continued. As an example, he said that summer used to be the traditional time for vacationing, but now people vacation the entire year. Thus, he warned, those banks that might advertise vacation loans in the spring would miss a large number of customers if they followed that policy on a regular basis.

A Jackson, Miss., banker doesn't believe a calandar of advertising would be helpful because every bank market is different, and a banker should schedule his advertising to fit his market. For instance, his bank found that it was running auto loans at the wrong time by featuring them when the new models were being introduced. He said his bank learned that autos were being purchased mostly during the spring months in preparation for summer vacations. So the bank switched its auto loans accordingly and increased its auto financing.

Late last summer, this same bank conducted a savings campaign in a complete deviation from its calendar schedule and, as a result, learned that it doesn't matter when a bank pushes savings. The bank offered rain ponchos as premiums and tied in the offer with the 1970 football season. Normally, the bank uses a premium on savings deposits during the traditional interest-paying period. As a matter of fact, said the Jackson banker, that was when his bank usually did all its savings advertising—from June 15-July 15 and December 15-January 15.

The late-summer savings campaign was so successful, he said, that the bank was glad the decision had been made to run savings ads at an unusual time of the year. "I don't know why we were worried," he added, "because the savings and loan associations advertise all year."

The Jackson banker said that, of course, there are obvious times to run seasonal ads—Valentine "Thanks for Banking With Us" ads and Christmas and other holiday greetings.

"Each market would vary as to when savings should be advertised," said a Nashville banker. "If all institutions are paying interest from date of deposit to date of withdrawal, there is little need to have a big push on savings in January or July or whenever the interest is actually credited to accounts. On the other hand, if institutions are paying interest on funds that are actually on deposit the day the interest is credited to the account, and that interest would be lost if the funds are withdrawn prior to that time, it would make sense to have heavy savings advertising during those periods when the other banks and savings and loan associations are paying interest."

This banker also pointed out that more autos reportedly are sold in the spring than in the fall. He believes small banks can make advertising plans better than large banks and carry them out because small towns seem to be more stable than larger cities and banking competition is not so keen. He said he has found that most small banks are very interested in radio and newspaper advertising and, to a much less degree, outdoor posters.

The Nashvillian said that banks that offer credit cards receive some guidance from their credit card headquarters as to when the cards should be heavily advertised to coincide with peak retail seasons of the year; for instance, pre-Easter, early summer for travel, early fall for back to school and, naturally, the Christmas season.

His bank has not done any calendar-type ads that refer to a particular season except for ads in connection with Master Charge, and all Master Charge banks have access to these ads. He believes an ad must appear at least twice to get full readership and to justify its production costs.

His bank has not been advertising home improvement loans during the past year because the bank, like so many others, has been in a strained position due to the tight-money situation.

From a Louisville banker came this advice: "Banks should advertise when people are interested in particular 'products'—for instance, checking accounts in September because young people are returning to school and in January because people are tax-conscious and want to keep records of all their expenses.

The Louisville banker advised banks to advertise for savings when savings peaks on quarters—the first 10 days of January, the first 10 days of April, etc. He suggested that home improvement loans be sought in the spring and fall and in December, when people are extra conscious of their homes because they're entertaining guests and want to fix the houses up.

The Louisvillian also advised that banks have a "lead time"—start something small and build to a peak. For instance, he said banks should begin advertising a certain service a month ahead of when it is actually in demand and build up the advertising to when the demand is highest. He warned banks not to seek business unless they really want it and, as an example, said not to advertise for loans if they don't want loan business or can't make many loans. He added that banks should temper their advertising with whether the business they would get from it would be profitable, and, he added, they should advertise the right services at the right time, not just go after anything at any time without foreseeing the consequences.

A St. Louis banker said his bank has consistently avoided the seasonal approach to advertising, preferring instead to use institutional ads that will reinforce the bank's name and identity. He added that this type of ad has been particularly effective during the tight-money period.

A Wichita banker reported that his bank's advertising is scheduled on a "pulsating" rather than on a continuous seasonal basis. He said that various market areas and development of new services would demand great flexibility in any program planned by seasons, but he thinks a broad calendar would be interesting and useful.

He pointed out that his bank does advertise its Master Charge service on a seasonal basis through the Mid-America Bankcard Association and supplements this advertising with specific promotions geared to the Wichita bank's market.

The only specific calendar of advertising that came in answer to MCB's inquiries was offered by a Little Rock banker, who said his bank used such a calendar as a general schedule. However, he added, there are many times when competition forces the bank's efforts in other directions. Here is the Little Rock banker's calendar of advertising:

August through September—auto loans—reason: new car showings

August through September—credit cards—reason: back-to-school shopping period

September through October—savings—reason: interest-shift period

November through December—credit card—reason: Christmas shopping period

January through March—image-type ads; also to include checking, trust, various other services offered by the bank and not tied to a specific time of the year

April—credit card—reason: Easter shopping period

May and June—checking (travelers checks), credit card and vacation installment loans—reason: beginning of the peak travel period for the year

July—savings—reason: interest-shift period

The banker said that although his bank does try to adhere to this schedule during the entire 12 months, "crises do arise, and you spend most of your time putting out fires."

Thus, a bank may find a calendar of advertising helpful as a guide to its advertising during the year, but its ad schedule and budget should remain flexible enough to allow for the unexpected. • •

### Former BAI President Dies

WINSTON-SALEM, N. C.—Edward T. Shipley, 60, president of the Bank Administration Institute in 1967, died November 30. He was executive vice president in charge of control and operations for Wachovia Bank. Earlier last year, Mr. Shipley was given the BAI key, the organization's highest award. He had been a banker 35 years.

# Credit Cards

## Bank Credit Cards Can Be Found In One Out of Three Homes

BANK CREDIT CARDS, which began an unprecedented national growth just four years ago, have found their way into at least one out of three American homes, get positive ratings from the majority of Americans and have even moved far ahead in popularity among upper-income families who once relied primarily on "travel and entertainment" cards, according to a recent nationwide survey.

The study, conducted by Louis Harris and Associates for the Foundation for Full Service Banks, listed numerous statistics showing the growing nationwide popularity of bank credit cards. Among them:

Among persons carrying credit cards and earning $15,000 or more a year, 34% carry BankAmericard and 31% carry Master Charge. In this same category, American Express claims 21%, Diners Club 10% and Carte Blanche 3%.

Asked to rate the cards, 53% of those interviewed gave positive ratings to bank credit cards, as opposed to only 13% who gave negative ratings.

Nationwide, of those people carrying credit cards, 28% of the households had BankAmericard; 26% had Master Charge, and 7% carried some other bank credit card.

Although the concept of bank credit cards dates back to the late 1950s, it was not until 1966 that the present programs of nationwide bank credit cards got underway. It was in May of that year that BankAmericard announced its nationwide licensing program outside of California, where it had been established since 1959. Three months later, other banks announced the formation of Interbank, which became operational the following year. Since then, both programs have grown to the point where each now claims well over 30,000,000 cardholders.

The Harris poll also indicated that as an individual's income increases, so does the likelihood that he will carry credit or charge cards. All cards examined in the survey were most popular with persons making $15,000 or more per year, and decreasingly popular with persons in lower-income groups.

Among persons who carry no credit cards at all, the poll states, 22% said they feared their own ability to handle credit. However, the largest percentage, 32% stated only that they "would rather pay cash."

Geographically, credit and charge cards were most popular in the West, where 70% of the population carries at least one card of some kind ranging from department store charge cards to bank credit cards. Area of least popularity is the South, where only 44% of the population carries cards. Persons living in cities or suburbs also were more likely to carry credit or charge cards than persons living in small towns or rural areas, the poll pointed out. • •



### Alexander and Laird Promoted At First National, Jackson

JACKSON—First National recently promoted Chalmers W. Alexander to vice president and senior trust officer and E. E. Laird Jr. to vice president and trust officer.

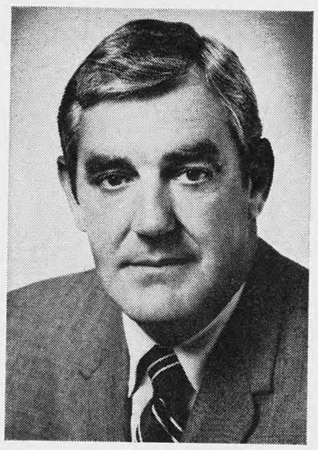

LAIRD


ALEXANDER

Mr. Alexander, who holds a law degree, joined First National in 1957. He is a past chairman of the trust committee of the Mississippi Bankers Association.

Mr. Laird is a graduate of the National Graduate Trust School at Northwestern University. Mr. Laird also has served as chairman of the Mississippi Bankers Association's trust committee and is presently serving as president of the estate planning council of Mississippi.

# Call your Commerce-man



Fred Coulson

Ron Francis

Elmer Erisman

# ...he's your representative!

For whatever correspondent service you require, call your man in Commerce. Bond needs, trust needs, loan needs, personal needs—we're here to help *your* bank function better.

With more correspondents than any other bank in the area, we know how to get things done. And our record proves that we do just that.

The oldest and largest bank should be your listening post in Kansas City, headquarters for the 10th Federal District.

THE WONDERFUL WORLD OF BANKING

**COMMERCE BANK**

Kansas City, Missouri

# CORPORATE NEWS ROUNDUP

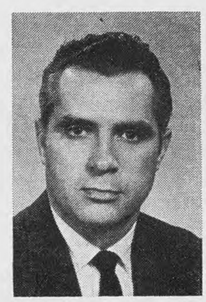
• **John H. Harland Co.** Michael J. Canalizo has been named a sales representative for John H. Harland Co., headquartered in Atlanta, Ga. Mr. Canalizo will be responsible for sales in New Orleans and southern Louisiana. He replaces Burney Whitfield, who left the company to enter the ministry.


CANALIZO

Mr. Canalizo joined the company in November. Previously, he was associated with Friden, Inc., New Orleans.

• **Doane Agricultural Service, Inc.** New top officers recently were elected by Doane Agricultural Service, Inc., St. Louis, publisher of the "Farming for Profit" newsletter for bankers.

Forest L. Goetsch, former manager of the publications division, was elected president. J. W. Hackamack, manager of the management and appraisal division, is chairman and George E. Shelby, former vice president of finance, is executive vice president.


RUTTER


GOETSCH

James K. Rutter was appointed vice president and manager of the publications division. The division has just announced "Doane's Profitab Farm Record System." The system is available to farmers and ranchers and will be of special interest to banks making agricultural loans.

• **Bunce Building Corp.** A reorganization of the bank building department in Missouri and Illinois recently was announced by Bunce Building Corp., St. Louis. Robert A. Tonn was appointed contract manager for Missouri and Ralph Broughton for Illinois.


BROUGHTON TONN

# We Have a New Name. We've Added a . . .

# FIRST

## FIRST NATIONAL BANK OF COMMERCE

NEW ORLEANS, LOUISIANA

Our new progressive course to better serve our region requires that we be FIRST in everything we do. Our customers and our member banks expect us to be FIRST in serving them . . . and our pride demands it. In line with this effort, **The National Bank of Commerce in New Orleans** has become a subsidiary of a one-bank holding company. The internal organization and structure remain the same. To reflect our newest move to offer the best in banking services, we have started the new year with a new name.

**FIRST NATIONAL BANK OF COMMERCE.**

James H. Jones
President and Chief Executive Officer

**FIRST with Businessmen in the Gulf-South**

## PEOPLE

• Treasury Secretary DAVID M. KENNEDY will be leaving his Cabinet position February 1 to become ambassador-at-large in the Nixon Administration. Mr. Kennedy will be succeeded by JOHN B. CONNALLY, former governor of Texas and a Democrat.

Mr. Kennedy was chairman of Chicago's Continental Illinois National prior to joining the President's Cabinet in 1968. In his new post, Mr. Kennedy will be available for any assignment that the President or Secretary of State deem necessary. His principal duties will be to follow developments in the European Economic Community and to guide policy in this department's interests in the field of multilateral aid.

KENNEDY

CONNALLY

• DAVID J. BARRY retired recently as vice president at Manufacturers Bank, Detroit, following 48 years in banking. He began his career in 1922 with Highland Park State and joined Manufacturers Bank in 1933 when the two institutions merged. He has been a vice president since 1958. He and his wife have relocated in West Palm Beach, Fla.

• Two Mid-Continent-area bankers have been named directors of Federal Reserve banks. MELVIN C. LOCKARD, president, First National, Mattoon, Ill., has been re-elected a Class A director of the Chicago Fed for a three-year term, and HUGH C. JONES, executive vice president, Bank of Woodward, Okla., has been appointed for a two-year term at the Oklahoma City Branch of the Kansas City Fed.

## FDIC Sets Small-Note Rules

The FDIC enacted its own strictures on small-denomination note financing by banks January 1. The agency's ruling is designed to prevent banks from attracting deposit-type funds through capital financing. It closely parallels existing provisions in Fed Regulation Q.

Under the FDIC ruling, all insured non-member banks are restricted to note offerings no smaller than $500 and no shorter than seven years' maturity. Also, each bank selling notes now has to inform purchasers of the difference between purchasing a capital obligation of the bank, which is not insured, and the deposit of funds in an insured time or savings account.

Mutual saving banks, but not S&Ls, are covered by the order.

## Two Banks Targets of Class-Action Suits

Two class-action suits were filed against New York City banks in recent weeks; one against Chemical Bank and one against Morgan Guaranty Trust. Both suits charge the banks with using their trust accounts to get business from brokers.

Both suits are class actions on behalf of all beneficiaries of trust accounts of the two institutions. They charge the banks with alleged reciprocal relationships with broker-dealers that have caused the banks to mismanage the accounts and, in the process, violate the law of trusts plus antitrust statutes.

If either suit is successful in establishing a bank's obligation to pass along the profits from "commission-purchased" deposits to the trust beneficiaries, virtually all trust banks in the nation could be targets of similar suits.

## Fed Changes Methods to Simplify Loans

Technical changes designed to simplify and update procedures by which banks borrow from the Fed have been announced.

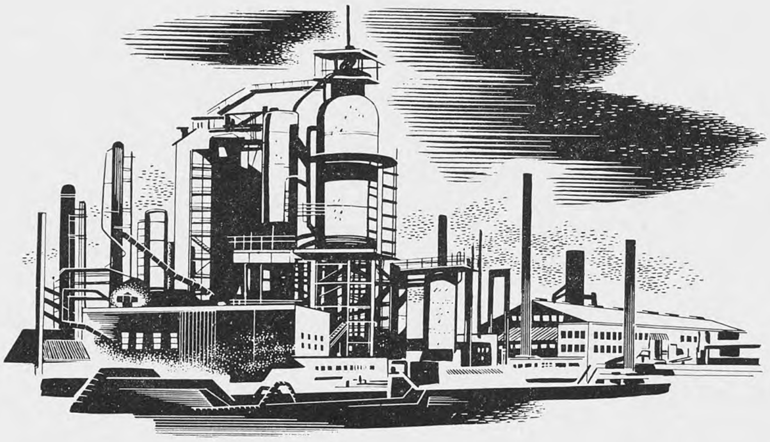
The changes eliminate the regulatory language implying that a formal written application must be submitted and a promissory note executed in connection with each borrowing from the Fed by a member bank. The use of a "continued lending agreement" will be allowed instead.

This obligates a member bank to repay all advances made pursuant to the agreement without having to file the written application and promissory note in each instance.

The changes also permit Reserve banks to collect interest when member banks repay borrowings instead of at the time of the borrowing. The new procedures also make any change in the discount rate applicable to all outstanding borrowings.

## Fed Drops Silver Coin-Use Proposal

A proposal preventing banks from counting silver coins held for speculative purposes has been withdrawn by the Fed. Instead, the Fed has ruled that a member bank can count as reserve requirements only that currency and coin "which it has a full and unrestricted right to use to meet its depositors' claims." Thus, any currency or coin held under an agreement that denies the bank the unrestricted use of the currency and coin cannot be counted as reserves.



# An Economist Views 1971—

## *Its Problems, Policies and Prospects*

**By ROBERT G. DEDERICK, Senior Vice President and Economist, Northern Trust Co., Chicago**

FOR BOTH economic policymakers and the public at large, 1970 offered a succession of disappointments. As the year began, the nation was gripped in the most severe "peacetime" inflation of modern times—with the consumer price index rising at an annual rate of 6% and the broad GNP price index by 5%.

DEDERICK

Meanwhile, a business slowdown was getting under way, the product of both defense spending cutbacks and restrictive fiscal and monetary policies imposed earlier in an effort to break the inflationary momentum.

As still another problem, the balance of payments was deeply in deficit, the shortfall running at about $4 billion after allowance for special factors. Nonetheless, hopes were high for 1970.

The Administration's "game plan" for the year contemplated that only a modest degree of pain would be sufficient to produce a marked dampening of wage and price pressures. Specifically, real output was to be virtually flat during the first half of the year, with a "moderate" expansion getting under way thereafter.

Thus, for 1970 as a whole, gross national product was forecast to rise by approximately 5½% in current dollar terms and 1¼% after allowance for inflation. This would imply an average unemployment rate of 4⅓%—with the high within the year hitting perhaps 5%—coupled with a pre-tax corporate profits decline of 5½% from 1969. Since the second half pickup was expected to be only gradual, the economy would be operating below its full potential throughout the year.

The inflation pace would steadily decline, therefore, reaching a fourth-quarter low of 3½%, as measured by the GNP price index.

Taken as a group, private economists were slightly less sanguine. Whereas the Administration was predicting that gross national product would approximate $985 billion, the so-called standard forecast called for a $980 billion total, with the entire difference reflecting slower real growth. Hence, unemployment was expected to be somewhat higher than in the Administration model and the decline in corporate profits somewhat greater; but, again, it was anticipated that the inflation rate would be down to about 3½% by year-end.

Businessmen, by contrast, were less hopeful about price prospects. By the same token, though, their continuing expansionary and inflationary expectations led them to be highly optimistic about the profit outlook, with respondents to a well known survey forecasting a 6% climb for 1970.

Regrettably, none of these three views proved to be correct. As it turned out, 1970 was a year in which the economy seemed to experience the worst of all worlds. Preliminary data suggest that the real volume of activity actually was slightly less than in 1969—the first such slippage since 1958—while the rate for the fourth quarter was off by 1% from the year-earlier pace.

In consequence, unemployment averaged 5% of the civilian labor force and by November had reached a seven-year high of 5.8%. Business suffered as well, with pre-tax corporate profits posting a year-to-year decline of about 10%.

Despite the greater-than-anticipated weakness of the economy, inflationary pressures gave ground only grudgingly.

For 1970 as a whole the average advance in prices was in excess of 5%, and—more important—the autumn rate was still in the 4%-4½% range. To make matters even worse, the nation's balance of payments continued to run deeply in the red, as an improvement in the trade account was virtually offset by an increase in net capital outflows.

Hindsight suggests that two major errors were made by most forecasters. One was to underestimate the damage to be inflicted by labor/management

# An Economist Views 1971

disputes within the year. The General Motors shutdown, which came just as the previously anticipated turnaround seemed to be getting under way, had especially severe effects—both direct and indirect. Thus a "recessionette" was transformed into what now appears to have been an outright, albeit mild, recession.

Second, there was a failure to anticipate the intensity of upward wage pressures. Rather than responding significantly to the slack in labor markets, the squeeze on profit margins and the slight abatement in the price climb, wage rates continued to rise rapidly throughout the year, despite a slower advance for non-unionized workers. Compensation per man-hour was still rising at more than a 7% rate in the third quarter, while newly negotiated union contracts were providing wage and benefit increases averaging more than 10%, as compared with 8% in 1969. To some extent these large gains reflected efforts to compensate for past losses in real income due to inflation; to some extent they reflected inflationary expectations for the future. Whatever the cause, they severely compromised the anti-inflationary effort.

Thus, as the economy enters 1971, it does so accompanied by problems aplenty. And, given the poor record of forecasters last year at this time, anybody who predicts that 1971 will produce a more favorable crop of statistics must do so with considerable diffidence. Nonetheless, it does appear that at least a cautiously optimistic stance is appropriate, on the following grounds:

First and foremost, in contrast with other recent years, a considerable increase in spending can occur in 1971 without generating supply/demand imbalances. The business slowdown of the past 15 months has provided a margin of unused resources, as demonstrated by the rise in unemployment and a concurrent decline in industry's average operating rate. While inevitably and regrettably painful, some such slack is essential under current circumstances if the modest improvement which has thus far occurred on the inflation front is to be extended or, at a minimum, kept from slipping away. But, with the margin once having been created, the nation need not go through this process again.

Furthermore, the economy's productive capacity is likely to climb by 4% or more over the coming 12 months, in response to increases in the number of people of working age and in output per man-hour. This means that a similar climb in production and real income can occur without reducing the degree of slack and without aggravating the inflation problem.

Second, in recognition of this situation, public policy has been clearly pointed toward expansion for some months. While the aim remains the same—"to tread the narrow and slippery path between too much restraint and too much ease"—the emphasis has steadily changed as unemployment has climbed higher. Thus, the federal budget has been allowed to sink into substantial deficit on a realized revenue basis and to move away from surplus toward balance on a full employment revenue basis.

Meanwhile, the Federal Reserve, in contrast with 1969 experience, has sought to encourage a moderate expansion of the money supply and other monetary aggregates. With loan demand at banks having softened markedly in the autumn, the Fed has permitted—and encouraged—a sharp decline in interest rates in its effort to keep the aggregates moving upward.

Third, there is little reason to expect that the economy will fail to respond to the Washington stimuli. To be sure, a typical post-recession upsurge is not likely. Business spending seems destined to be more sluggish than usual, reflecting still heavy inventories and the especially laggard response of plant and equipment expenditures to the economic downturn.

Moreover, defense spending is scheduled for further declines in real terms, while consumer optimism—although almost certain to improve—may continue to be somewhat dampened by various economic and noneconomic concerns. At the same time, though, residential construction, consumer spending on durable goods and state and local government outlays should all benefit from the markedly easier monetary climate now prevailing.

Moreover, federal spending on nondefense programs seems destined for a good sized advance. Following the '48-'49, '53-'54, '57-'58 and '60-'61 recessions, real GNP rose by an average of 8% over the first four quarters of recovery. Thus, a considerable shortfall can, should, and—almost certainly—will occur from typical past performance and still leave room for satisfactory growth.

A four-quarter increase of over 4% in real GNP appears to be quite attainable. During the first half of the year, business will receive a boost both from the auto industry's post-strike rebound and the buildup of steel production in anticipation of a possible summer strike in that key industry. Meanwhile, the recovery in residential construction will almost certainly be continuing.

These gains should act to bolster the demand for labor, thus strengthening consumers' buying power, confidence and spending. While the transitory auto and steel spurs will disappear later in the year, the resultant braking of the economy's advance should be at least partially offset by a more vigorous federal spending trend and, probably, higher business expenditures for plant and equipment.

An upturn of the magnitude expected would presumably leave labor markets relatively slack throughout 1971. Typically, in the early stages of a business recovery, man-hour productivity rises rapidly. While 1971 could well see a below-normal climb, reflecting the below-normal increase in output, a good gain nonetheless seems likely. Most probably, therefore, the number of new job openings will not be significantly in excess of the amount required to absorb both new entrants into the labor force and men relieved from military service. In this event, the unemployment rate will remain over 5%.

A major imponderable is the extent, if any, to which wage settlements will moderate in the projected environment of rising jobholding, but continued softness, in labor markets. While typical past experience suggests that some easing can occur, recent behavior has been anything but standard. Nonetheless, given the slowdown in the salary climb for nonunionized workers, the slightly improved trend of consumer prices and the continuing relatively high level of unemployment, there is reason at least to hope that the over-all wage acceleration will not worsen.

Meanwhile, with the rate of capacity utilization remaining low, business firms should find it difficult to pass on their higher labor costs through higher prices. Thus, while the prospect is for continued inflation this year, the pace should remain somewhat below the early 1970 high.

Summing up, 1971 will not be recorded as a vintage year. At the same time, though, it offers the prospect of at least a moderate improvement over the discouraging performance of 1970. While the road to non-inflationary growth is long and treacherous, the nation does appear to have made a start down that road. • •

SWEARINGEN

FROST

HARRISON

# What Are the Prospects for 1971?

## *Three Prominent Bankers Present Their Views Of What's in Store for the Economy This Year*

**By EUGENE SWEARINGEN**
**President**
**National Bank of Tulsa**

THE WORDS that economists use to describe economic activity are fascinating in themselves. It is said that a *recession* is when your neighbor loses his job; a *depression* is when you lose your job, and a *panic* is when your wife loses hers.

There is no question that the American economy is in a recession and has been for more than a year. The depression of the 1930s was so bad that no administration since then has wanted to use that term to describe economic activity. Therefore, the terms recession and "sidewise adjustment" were coined. It's not good politics for a President to admit that the economy is declining under his administration. Consequently, the current Administration issues optimistic statements before an election, and the party on the outside-looking-in points to the pessimistic evidence, claiming that conditions will be better just as soon as it's back in office.

Economists probably will date the start of this recession as of July, 1969. Recessions normally have been from nine to 14 months in duration in recent decades, and so this is an unusually

*(Continued on page 46)*

**By TOM C. FROST JR.**
**President**
**Frost National Bank**
**San Antonio**

WHAT WILL be the biggest problems of 1971 for commercial banks not located in major money centers and without a large portion of their deposits in money-market-sensitive, interest-bearing CDs? I believe these problems will be pressure on profits and the temptation to invest newly regained liquidity in somewhat longer investments for income instead of maintaining a short position in the face of possible increases in loan demand in the future.

The present expansionary fiscal and monetary policies indicate a strong inflationary bias in the future when the general tempo of business activity will pickup—even considering the "full-employment-budget" theory of the non-inflationary impact of the present budget deficits and the need to expand the money supply to stimulate growth in the economy. While it is difficult to predict the timing, it appears that long-term demands for credit will be sufficiently strong—particularly in light of the depreciation of the purchasing power of the dollar—to indicate that banks face another period of loan demand that might well ex-

*(Continued on page 26)*

**By C. BENNETT HARRISON**
**Chairman**
**Union Planters National Bank**
**Memphis**

OF THE MANY problems facing bankers as 1971 gets under way, I would like to comment on three I consider most important.

Inflation continues to be one of the most persistent problems and must be faced again this year. Political pressures have forced a change in governmental policy to combat inflation, but it remains to be seen how effectively the Administration can deal with this problem through renewed emphasis on wage and price guidelines.

There are in excess of 60 major collective-bargaining agreements to be negotiated during 1971. Each of these involves more than 10,000 workers. The labor contracts in the automobile industry during the last quarter of 1970 will serve, in my opinion, as a pattern for the 1971 negotiations. Action taken by the government to stimulate the economy through deficit spending and expansion of the money supply continues to add to inflationary pressures.

A second problem faced by bankers will be increased competition from within the industry as well as from other types of financial institutions.

Many one-bank holding companies

have been formed to adequately meet this competition through diversification. This is a healthy development for the banking industry because with increased competition will come improved efficiencies, a broader range of services and better quality of services for financial customers.

Commercial paper, I believe, will continue to be a major competitor of banks for the short-term financing of our business customers. Non-bank-related commercial paper reached the $30-billion level last year, which is equivalent to 37½% of bank commercial loans.

The need for improving profitability will be a third problem facing bankers this year. Inflationary and competitive pressures make this an even greater challenge. Increased efficiency in providing existing and new services will be very important to profit growth during the balance of the year. Asset and liability management are becoming more sophisticated, with particular emphasis on the latter.

We need to do a better job of planning for both short- and long-range needs. Many banks will be paying a good deal more attention to profit plans and the cost of doing business than they have in the past for bankers must know the true cost and profitability of each service provided.

Our managers and employees are our most important assets, and it is imperative that they become well-trained professionals in whatever job categories they serve. A comprehensive training program continues to be emphasized at our bank, and many other banks will be taking similar steps this year.

The Mid-South did not experience as severe a decline as the rest of the nation during last year's economic slump. The unemployment rate of the Memphis metropolitan areas as of October, 1970, was only 4%, compared with the national average of 5.6%. The entire Mid-South region averaged only 5.1%, or ½% less than the national average.

We are fortunate that the rapidly growing trade area in which we are located has outpaced the nation as a whole and all indications are that it will continue to grow at a faster rate.

In the Memphis metropolitan area, numerous construction projects are in various stages of development this first month of 1971. Total value of these projects exceeds $650 million and includes a new convention center, an Internal Revenue Service data processing center, major expansion of the Memphis International Airport and numerous commercial and industrial developments.

Economic conditions in the Mid-South should continue to be somewhat better than nationwide conditions. This past year has demonstrated more than ever that we have no control over the fluctuation of interest rates, and the challenge we face can best be met through innovation and profitable employment of funds. • •

## Tom C. Frost Jr.

*(Continued from page 25)*

ceed the supply of loanable funds. For this reason, it would be prudent at present to maintain a relatively short position with funds recently acquired and that are not needed to take care of the present relatively sluggish loan demand. Maintaining this short position obviously is riding short-term rates down and will, in the face of increased costs on all fronts—other than the large CDs—put pressure on profits. The commercial banker in 1971 must carefully assess potential loan demand in his market and maintain funds in short-term obligations to meet this demand even though profits will be penalized in the interim.

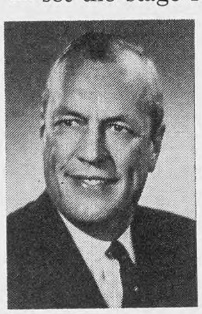
The over-all economic outlook in the Southwest and particularly in Texas generally is more favorable than that for the nation as a whole. The recent slowdown has not hit this area as hard as others but is beginning to have its effects. It is expected that the recovery might well be gradual, therefore, indicating that loan demand will not become vigorous in the next few months but will surely renew its upward pressure within a year or so.

A discussion of commercial banking in this area cannot be concluded without some mention of Mexico. This country has continued to show a higher rate of real economic growth than the U. S. and will continue to be a substantial market for capital goods. As Mexico's industrial capabilities increase, that country is beginning to demonstrate an ability to export manufactured products into the southwestern United States. The flow of business across the border should increase and provide opportunities for those banks and their customers alert enough to take advantage of the potentials in importing Mexican manufactured goods for sale in the southwestern markets.

Both these trends, plus rapid development of Texas as a highly urbanized state, indicate an increasing volume of business for banks in the larger cities and along the border. • •

## Economy's Prospects Brighter Now Than Year Ago, Says ABA President Clifford Sommer

THE COMING YEAR will produce a gradual upturn that should set the stage for more rapid economic growth during the balance of the '70s, ABA President Clifford C. Sommer predicted last month. Mr. Sommer is president, Security Bank, Owatonna, Minn.



SOMMER

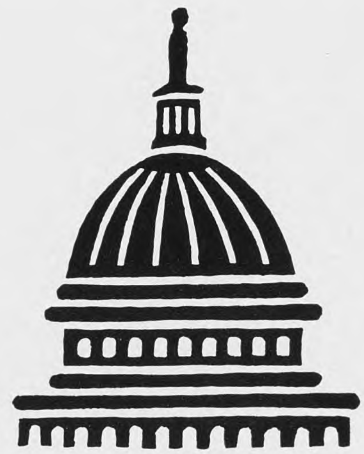
He believes prospects for the economy are considerably brighter than they were a year ago, when the major task confronting national policymakers was to curb inflation without causing a recession. According to Mr. Sommer, inflation now appears to be receding while real output and income are slowly gaining.

The ABA president pointed out that wage settlements that outstrip productivity gains may produce the most difficult economic problem that will confront the nation this year. He noted that recent wage settlements in the auto industry may provide a pattern for a number of other industries at a time when monetary policy appears to be overcoming excessive demand.

Mr. Sommer said a key economic factor in 1971 will be the consumer, whose relatively slow rate of spending and hesitancy to assume new installment debts "has contributed substantially to the recent state of uncertainty."

However, he added, consumer sluggishness has served to relieve financial burdens that were shouldered by many potential buyers and to help restore liquidity, indicating the rate of consumer spending should begin to improve next year.

# Legislative Outlook:



## Foes of Banking Remain Active

THE LEGISLATIVE outlook for 1971 is for more of the same. Although the one-bank holding company bill has been enacted on the federal level, causing many a sigh of relief among bankers, the congressional foes of banking will remain active. On the state scene, activity will be brisk—perhaps more so than in the past. Several states will be tussling with the Uniform Consumer Credit Code and a few expect to see legislation introduced to curb registered bank holding companies.

Following is a run-down of the federal and state legislative outlook for 1971:

### Federal

Much concern is expected when Representative Wright Patman (D., Tex.), chairman of the House Banking and Currency Committee, introduces a bill to provide savings and loan associations with new powers, including authority to offer checking accounts and broaden their consumer lending operations. Such legislation would represent a significant change in the roles traditionally filled by the nation's financial institutions.

Proposals are expected that will call for closer government surveillance, broader public disclosure and additional safeguards against conflicts of interest in the trust field. Pension bills are expected to seek new requirements for funding, vesting and insurance as well as more detailed reporting. Such changes would mean additional administrative duties and complexities for bank trust departments.

The three-pronged Safe Banking Act is expected to be reintroduced by Representative Patman in the 92nd Congress. This legislation would prohibit banks and other financial institutions from accepting brokered deposits, from using premiums in the solicitation of deposits and from acquiring equity participations in connection with loans. Representative Patman lost considerable ground when the One-Bank Holding Company bill was compromised (see page 28); he no doubt will be putting maximum effort into getting his Safe Banking Act through this session intact. The various groups that oppose the legislation are gearing for a stiff battle.

It is expected that 1971 will see the continuance of consumer protection bills. Legislation is expected that would call for the establishment of an Office of Consumer Affairs in the executive office of the President. This office would have power to coordinate programs and activities of all federal agencies with regard to consumers. Also expected to be proposed is the creation of a Consumer Protection Agency to represent the consumer before both federal agencies and the courts. Renewed efforts to enact legislation to enable consumers to institute class-action suits against suppliers of goods and, possibly, against financial institutions, is also likely.

The student loan program will probably come up for a broad review. Both Senate and House committees are preparing to hold hearings on a number of higher education bills that will propose changes in the loan program. The banking industry is on record as favoring the creation of a federally financed secondary market to relieve a potential liquidity crisis in the student loan market.

### State

Legislation affecting banking is expected to come up in the following state legislatures in 1971:

*Alabama.* High on incoming Governor George Wallace's list of legislation affecting banking is the escheat of dormant accounts to the state and a raise in the interest rate now paid by banks for state deposits. Both matters have been subject to legislative fights in earlier Wallace administrations.

The question of branching and holding company legislation is not heard so much this year. There is a virtual absence of specific prohibition of holding companies in Alabama law and there is no known specific attempt to seek such legislation. On the other hand, there is a general feeling that the across-county-lines branching prohibition has been sustained in the courts eliminating the need for anti-statewide branching forces to seek such legislation.

It is not known whether the Uniform Consumer Credit Code (UCCC) will be introduced this year or not. The

Code was cause for considerable battle last year. Retail credit interests have discussed the probability of their causing an introduction of the Code again, or of one of its modifications. The modification that passed the Alabama Senate last year, called the "mini-code," may be introduced, and the AlaBA has not yet announced its position on the reintroduction of the issue.

The Code, prepared and adopted by the National Conference of Commissioners on Uniform State Laws, would repeal and replace all existing state laws relating to interest, usury, retail installment sales, bank installment loans, revolving credit, finance company loans, small loans, insurance premium financing, etc. Generally, the Code is applicable to all credit sales, leases and loans where an individual is purchasing or borrowing for family, household or agricultural purposes and the principal or amount financed does not exceed $25,000. The Code has several controversial sections, including freedom of entry into the business of lending by a large group of creditors who would not be required to have licenses; across-the-board high-rate loan ceilings ranging from 10%-36%; and the elimination or erosion of a number of creditor's remedies.

*Illinois.* Topping the list in this state is the Uniform Consumer Credit Code, first introduced in the 1969 session, but deferred pending a study and report by a legislative committee and a study sub-committee of non-legislators. The UCCC appears to be headed for tough sledding.

An amendment to Section Four of the Illinois General Interest Statute (the Usury Act) is expected that will specifically exempt loans to farmers for agricultural purposes from the maximum rate ceiling of 8%, the same as other loans for business purposes are exempted.

Also on tap is an amendment to Section 4a of the Installment Loan Statute which will increase the 7% add-on interest rate to 8% and also increase the maximum amount of a loan from $7,500 to $15,000 and the maximum repayment period from 61 to 121 months.

An amendment is expected to Section One of the Foreign Corporations Statute that will permit foreign corporations—without qualifying to transact business in the state—to make direct loans therein, to enforce their security and to acquire title to real estate as security for such loans.

*Indiana.* The Indiana Bankers Association will sponsor legislation to make certain changes in the state branching law as it applies to "within-county" restrictions. The IBA also announced that it has accepted its legislative committee report rejecting the repeal of a law against registered bank holding companies. Therefore, the IBA will oppose any legislation that would permit multi-bank holding companies.

As for the branching changes, the IBA will propose that lawmakers:

1. Delete the present one-quarter-mile restriction and thus permit banks

*(Continued on page 46)*

### New Name—Old Committee

As of the new year, the U. S. Senate doesn't have a banking and currency committee, as such. The august group's new title is "Senate Banking, Housing and Urban Affairs Committee." The name change is the result of the Legislative Reorganization Act of 1970.

According to Senator John Sparkman (D.,Ala.), there will be no great change in the operation or function of the committee. The senator, who is chairman of the committee, states that the new name merely gives a better definition of the committee's scope, as it has been handling housing affairs since the 1930s. Since 1960 the committee has been called upon almost annually to consider housing and urban affairs legislation.

Committee dealings pertaining to coinage and currency have decreased, according to Senator Sparkman.

## House-Senate Committee Comes Up With 1BHC Bill

A HOUSE-SENATE conference committee last month reported out a one-bank holding company bill after resolving the big dispute over a cutoff date. Committee members agreed on setting June 30, 1968, as the effective date.

The measure was approved by both houses and, at press time, was on President Nixon's desk awaiting his signature.

The committee's bill would give broad powers to the Federal Reserve Board. Under the proposed legislation, the Fed could:

- Screen all companies to determine whether their assets constituted a dangerous concentration of economic power, regardless of when the company was set up. The new legislation will require that the firms expand in the future only in bank-related activities.
- Determine the types of future activities to be allowed one-bank firms.
- Be empowered to determine which companies would be allowed to keep their nonbank-related activities and which would have to divest them.
- Be directed to place under study approximately 60 firms owning banks with assets of $60 million or more. The Fed would be required to determine in two years whether these larger one-bank holding companies should be allowed to keep their banks.

Under this section, known as the grandfather clause, the Fed would be permitted to keep under surveillance all firms formed prior to June 30, 1968, to determine whether at some future date their corporate structures constituted undue concentration of economic power.

All companies formed after June 30, 1968, would be allowed to branch only into bank-related activities. They would have to divest themselves of those subsidiaries that do not meet this bank-related test.

This new bill will be extremely important to some 1,100 firms, some in existence for as long as 50 years. The new law would permit these companies to expand only in bank-related activities. Thus, it appears likely that such a restriction would force most conglomerates to sell their banks rather than confine their acquisitions to the financial field.

The House-Senate conferees have agreed on a plan giving these firms up to 10 years to spin off their banks.

The House-Senate conference committee bill is a compromise between a strong one-bank holding company bill passed by the House in 1969 and a less-severe measure passed this past September by the Senate. The conference committee met in closed session for three weeks while it wrote the final draft of the bill. The big stumbling block was the cutoff date. The House version had set May 9, 1956, the date of enactment of the Bank Holding Company Act of 1956, but the Senate chose June 30, 1968, the date finally adopted. • •

# FORECAST FOR 1971

## A Digest of Predictions on Subjects of Interest to Bankers

SOME PEOPLE are so busy they don't realize when a New Year dawns—until they begin reading predictions for the infant year in business publications! The final weeks of each departing year are filled with prophesies of events and conditions for the coming 12 months that are published each January. And 1971 is no exception.

Many bankers have found these predictions helpful in their annual planning sessions. They also have made good use of the forecasts in personal planning, not to mention their value as conversation sparkers.

MID-CONTINENT BANKER's staff has assembled a number of forecasts and digested them for quick reading. They cover a gamut of subjects and present a variety of shades of thought. But they add up to informative reading.

### Savings

Between 1959 and 1968, savings and time deposits increased at an annual rate of 12.5%. Indications are that this rise probably will level off and, consequently, the percentage increase in savings and time deposits will be smaller during the '70s than the one sustained during the '60s. Assuming a growth in Gross National Product of between 6.5% and 7.25%, these deposits can be expected to total between $510 and $554 billion in 1980, according to a study by Professors Charles F. Haywood and L. Randolph McGee. This implies a growth rate of between 8% and 8.75% during the '70s.

In 1971, saving (national-income concept) as a percentage of disposable income is expected to stay around 7% for most of the year. As a result of disintermediation, savings and time deposits are expected to go as high as $255 billion in 1971.

Except for the reference to Professors Haywood and McGee, the statistics on savings were provided by Gerald E. Warren, president, ABA marketing/savings division, and vice president, National Bank of Detroit.

### Bonds

The most important domestic factor influencing the bond market over the next few years will be the political trend, said Sidney Homer, partner in Salomon Brothers, New York City. He said that "signs of effective cooperation between the leaders of Congress and the White House should be considered broadly favorable to the bond market and to all capital markets and to the currency." On the other hand, "signs of irreconcilable discord should be considered unfavorable, regardless of the parties or specific measures at issue."

In the next decade, credit demands arising from government programs with social priorities will be extremely large, said Mr. Homer, but business demands will be held down for awhile at least by a new lender conservatism that will deny market access to many marginal enterprises.

### Agriculture

According to James K. Rutter, manager, publications division, *Doane's Agricultural Report,* income prospects for livestock producers seem less favorable in 1971, compared to 1970. Production volume, or total tonnage of red meat, is going to climb higher, creating pressure on market prices. Offsetting this somewhat is the expanding market that can be anticipated. Producers and bankers can anticipate livestock receipts to be about the same as last year in gross dollars. With rising costs (particularly feed costs), net returns will be squeezed a little.

Hogs are the class of livestock in most serious difficulty at this time. Prices have tumbled substantially faster and farther than was expected. Most of this decline can be attributed to a sharp increase in production. Also, there has been a dramatic widening of the farm-to-retail price spread. Prices will run well under year-ago levels through the first half of 1971. During the summer months, price levels can't be expected to exceed those experienced during the same period in 1970.

In cattle, one can expect some improvement in the near future. During 1971, prices should equal last year's, although volume is going up a little.

Dairy numbers continue to decline gradually, but with higher output per cow and slightly higher total production. Producer prices were a little higher in 1970 than in 1969, and dairymen can expect essentially stable prices in the coming 12 months.

The supply-price picture for crop farmers is a little better than for livestock producers. Total supplies of major crops are in much closer balance with prospective use than in recent years, and the result is that prices have strengthened substantially. Carry-over levels for wheat, feed grains, cotton and soybeans are expected to drop during 1970-71 for the first time in years.

The tightness in the over-all feed grain situation is led, of course, by corn. Average farm prices for feed grains were 20% above those of 1969 by mid-October, 1970. Prices for feed grains in total could average as much as 15% higher than 1969 for the 1970-71 season.

If these forecasts are realized, agricultural bankers can look forward to strong demand for money in the coming year. General lack of confidence in the economy, along with tight budgeting procedures over the past three years, has caused many farmers to delay capital investments. Relaxation of interest rates, along with improved grain prices and generally steady livestock and milk markets, could trigger increased farmer spending.

### Housing

Residential construction outlays should provide increasing stimulus to economic activity during 1971, said Edward M. Syring Jr., associate economist, Manufacturers Hanover Trust, New York City. More comfortable credit conditions and improved flows of savings to intermediaries should result in a pickup of housing construction.

The improvement in residential construction expenditures that began early last summer should continue through 1971, said Mr. Syring, who foresees housing starts totaling about 1.75 million units this year and residential construction spending reaching $35 billion, or more than 20% above last year.

### Home Mortgages

Interest rates on home mortgages may decline as much as a full percentage point during 1971, while bond rates and income property mortgage interest rates will decline only hesitantly and erratically, predicted Everett C. Spelman, president of the Mortgage Bankers Association of America, recently.

He pointed out that the demand for long-term capital funds has tended to rise even faster than the rapidly increasing supplies of funds. He cautioned that rapid expansion of credit could quickly reverse the downward trend in interest rates and fuel the resurgence of inflation.

### Mobile Homes

The outlook for mobile home shipments is bright for 1971, according to Arthur J. Decio, Skyline Corp., president of the Mobile Homes Manufacturers Association of Chicago. The Elkhart, Ind.-based executive reports that the industry expects a slow first quarter with increased activity by mid-May and swift upturn well underway by August-September. While final figures are not available for 1970, an estimated 430,000 mobile homes will be shipped in '71.

FHA and VA programs and a lessening of U. S. participation in Vietnam are expected to bring numerous young families to mobile home living as on-site construction costs and high rentals price American youth out of the conventional home market.

### Farm & Construction Equipment

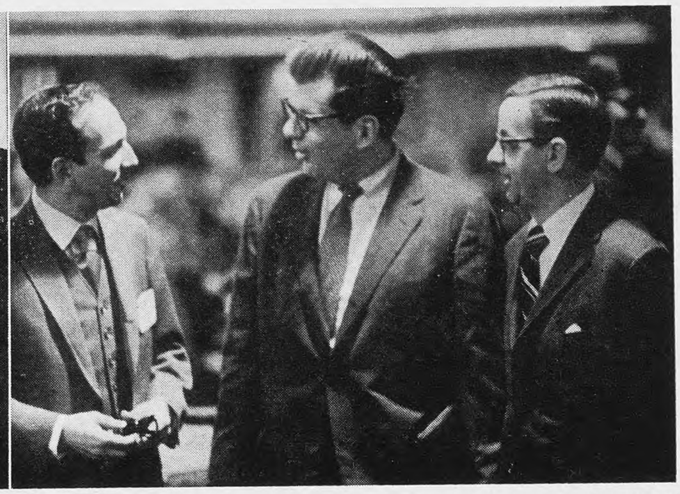
Farm equipment sales should approximate $4.3 billion in 1971, up 5% from those estimated for 1970, but industry profits will continue to be hampered in 1971 by increasing production costs. No more than a 2% to 3% improvement can be expected.

Over-all sales of construction equipment should improve some 4% to 6% from 1970 levels, with profits improving commensurately. The estimates on farm and construction equipment were given by Robert D. Judson, vice president, First National, Chicago, at the bank's recent correspondent banking conference.

### Automobiles

An all-time high in sales of 12 million automotive units is predicted for 1971, assuming there is a continued

## First of Chicago Holds Annual Correspondent Bankers' Conference



First National, Chicago, held its 24th annual conference of bank correspondents late in November, and material based on talks given at the meeting can be found elsewhere in this issue. LEFT: Pictured during the conference are (l. to r.) H. E. Hallengren, v.p., trust; John M. Davis Jr., a.v.p., business and economic research; B. K. Hauenstein, v.p., division F; and Jack Hultgren, division F. RIGHT: Shown visiting at the conference are (l. to r.) N. J. De Leonardis, v.p., bonds; Dr. Paul Nadler, Rutgers University, New Brunswick, N. J.; and W. J. Korsvik, v.p., business and economic research.

improvement in the economy and no major interruption of production, according to James M. Roche, chairman of General Motors. Mr. Roche was a speaker at the recent biennial business conference sponsored by Manufacturers Hanover Trust, New York City.

The 12-million figure would be about 15% higher than figures for 1970, and could top the previous record of 11.5 million units, including imports, set in 1969, Mr. Roche said. The attainment of such a figure could be a shot in the arm to the whole economy and could give a strong lift to consumer confidence, which was far from robust in 1970, he said.

Mr. Roche cautioned that the American automobile industry faces tough competitive challenges, particularly the sales thrust of imported cars. The market share of imports has more than doubled in just four years, he said.

### Employment

The unemployment rate probably will remain high well into 1971, according to Harris Trust of Chicago economists, who added that the Fed must now pursue a fairly expansive course in order to lower unemployment.

As for employment in banking, the prospect for a return to a normal level during the first quarter of 1971 is bright, said Don Howard Personnel, Inc., New York City. The firm pointed out that the most severe contraction of hiring by banks in 15 years appears to be relaxing its grip. • •

### Worthen Bank Building Featured In Architectural Magazine

LITTLE ROCK—The new Worthen Bank building was featured in the November issue of *Architectural Record* magazine. The article, entitled "Big Bank in Little Rock," was accompanied by eight photographs of the building's interior and exterior and line drawings of some of the floor plans.

The article called the building "a good example of good commercial architecture, as Little Rock continues its downtown growth."

### Advisory Council Named

The Conference of State Bank Supervisors recently elected several bankers as members of the advisory council for the 1971 term, beginning in April. Mid-Continent area bankers elected to the council are: Jack E. Black, president, American Exchange Bank, Norman, Okla.; and C. Wayne Highsmith, executive vice president, Edgemont Bank, East St. Louis, Ill. The conference was formerly the National Association of Supervisors of State Banks.

### Trillion-Dollar GNP

The U. S. GNP hit a historic *one trillion dollars* in mid-December, 1970, establishing a new high for an economy anywhere in the world. Although the occasion was celebrated by the Nixon Administration as a milestone in the nation's economic picture, critics claim that the $1-trillion figure is the result of an inflated economy, not a growing one.

# Forecast of Gross National Product*

## Seasonally Adjusted Annual Rates ($ Billions)

| | ACTUAL | PROJECTED | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Year | Year 1970 | | 1971 | | | | Year 1971 | |
| | 1969 | Level | % Change | I | II | III | IV | Level | % Change |
| Gross National Product | 931.4 | 976 | + 4.8 | 1,013 | 1,026 | 1,036 | 1,049 | 1,031 | + 5.6 |
| GNP: $58 | 727.1 | 725 | — 0.3 | 736 | 739 | 741 | 747 | 741 | + 2.2 |
| Personal Consumption Expenditures | 577.5 | 617 | + 6.8 | 643 | 652 | 661 | 672 | 657 | + 6.5 |
| Durables | 90.0 | 91 | + 1.1 | 94 | 95 | 96 | 98 | 96 | + 5.5 |
| Non-durables | 245.8 | 264 | + 7.4 | 274 | 278 | 282 | 286 | 280 | + 6.1 |
| Services | 241.6 | 262 | + 8.4 | 275 | 279 | 283 | 288 | 281 | + 7.3 |
| Gross Private Domestic Investment | 139.8 | 134 | — 4.1 | 140 | 143 | 140 | 139 | 141 | + 5.2 |
| Producers' durable equipment | 65.5 | 68 | + 3.8 | 66 | 66 | 66 | 67 | 66 | — 2.9 |
| Non-residential structures | 33.8 | 35 | + 3.6 | 34 | 33 | 32 | 31 | 33 | — 5.7 |
| Residential structures | 32.0 | 29 | — 9.4 | 33 | 34 | 35 | 37 | 35 | + 20.7 |
| Inventory change | 8.5 | 2 | | 7 | 10 | 7 | 4 | 6 | |
| Government Purchases | 212.2 | 221 | + 4.1 | 225 | 226 | 230 | 233 | 229 | + 3.6 |
| Federal defense | 78.8 | 76 | — 3.6 | 71 | 70 | 70 | 70 | 70 | — 7.9 |
| Federal civilian | 22.6 | 24 | + 6.2 | 26 | 26 | 27 | 28 | 27 | + 12.5 |
| State and local | 110.8 | 121 | + 9.2 | 128 | 130 | 133 | 135 | 132 | + 9.1 |
| GNP price deflator (1958 = 100) | 128.1 | 134.7 | + 5.1 | 137.7 | 138.8 | 139.8 | 140.5 | 139.2 | + 3.4 |
| Total personal income | 748.9 | 800 | + 6.8 | 826 | 835 | 842 | 854 | 839 | + 4.9 |
| Disposable personal income | 631.6 | 684 | + 8.3 | 710 | 716 | 721 | 730 | 719 | + 5.2 |
| Total personal outlays | 593.9 | 636 | + 7.1 | 662 | 671 | 680 | 691 | 676 | + 6.3 |
| Savings rate | 6.0 | 7.0 | | 6.8 | 6.3 | 5.7 | 5.3 | 6.0 | |
| Unemployment rate | 3.5 | 5.0 | | 5.8 | 5.9 | 5.7 | 5.5 | 5.7 | |
| Industrial production (1957-59 = 100) | 172.8 | 168 | — 2.8 | 171 | 174 | 173 | 173 | 173 | + 3.0 |
| Corporate profits before taxes | 91.2 | 83 | — 9.0 | 88 | 87 | 86 | 87 | 87 | + 4.8 |
| Taxes | 42.7 | 39 | | 41 | 41 | 40 | 41 | 41 | |
| Net profits | 48.5 | 44 | — 9.3 | 47 | 46 | 46 | 46 | 46 | + 4.5 |
| Dividend payments | 24.7 | 25 | | 26 | 25 | 26 | 26 | 26 | |
| Undistributed profits | 23.9 | 19 | | 21 | 21 | 20 | 20 | 20 | |
| Capital consumption allowances | 49.8 | 54 | | 56 | 57 | 58 | 59 | 58 | |
| Corporate cash flow | 73.7 | 73 | — 0.9 | 77 | 78 | 78 | 79 | 78 | + 6.8 |

* This tabulation was prepared as of October 27 by Manufacturers Hanover Trust, New York City. It was based on the assumption that the GM strike would be over by November 30 (actually it was settled in mid-November) and that stockpiling by steel firms in anticipation of a steel-workers' strike would begin in January, 1971. Also, GNP hit the trillion-dollar mark in mid-December.

# The Interest-Rate Outlook

## Continuation of Downward Trend Foreseen

By GAYLORD A. FREEMAN JR.

**Chairman**
**First National Bank**
**Chicago**

*EDITOR'S NOTE: These articles are based on talks made by Messrs. Freeman and Gaines at conferences at their respective banks—Mr. Freeman's at First of Chicago's annual year-end review and business outlook sessions; Mr. Gaines' at Manufacturers Hanover's biennial business conference.*

THE SHORT-TERM outlook for interest rates seems fairly clear. The rates are headed downward.

Demand for funds should slacken in the months immediately ahead. Bank borrowings usually reach a peak early in December and then after Christmas they generally trend downward until February.

The continued fear of unemployment will cause many people to continue to save at the present high rate and to limit their spending. This means continued dull retail sales and, consequently, moderate rates of plant utilization, which, in turn, may delay further expenditures for plant expansion. Federal government outlays will increase, but less rapidly than in recent years.

Only state and local expenditures will rise at a more rapid pace as lower interest rates permit the undertaking of construction projects previously postponed because of high money costs.

The relatively static effect of this continued sluggish demand will be converted into downward pressure by a probable further increase in the money supply. Recently revised figures indicate that the money supply was increasing at an annual rate of nearly 6% for the last three quarters of 1970. With its obvious concern about high and perhaps rising unemployment, the Federal Reserve will almost certainly continue, and perhaps accelerate, the expansion of the money supply.

So, for at least the next three to six months, we probably will have a weak demand for money and an increase in the supply, with the result that interest rates will move a little lower.

To date, the decline has been most evident in short-term rates—Treasury bills, federal funds, CDs, commercial paper, Eurodollars and, of course, the prime rate. Municipal and U. S. Treasury securities also have had distinct declines from the highs of last May of about 1¾ and 1¼ percentage points, respectively. The least responsive rate, so far, has been the long-term corporate rate, which has declined only slightly over half a point. We would expect this rate to decline more rapid-

(Continued on page 44)

FREEMAN

GAINES

By TILFORD C. GAINES

**Vice President**
**and Economist**
**Manufacturers Hanover**
**New York City**

WILL THE RECENT downward move in interest rates continue?

The interest-rate drop on all maturities of debt instruments during recent weeks reflects a trend that is likely to continue through 1971. However, total demands for credit this year promise to be very large, particularly in the longer-term bond and mortgage markets. Therefore, while long-term interest rates should continue to move lower, the trend constantly will encounter opposition from a steadily growing supply of new bond offerings. Long-term interest rates already are down a point or more (as this was written) from their June highs, and at year-end 1971 yields should be lower than they are now. But it seems likely to me that they will still be very high compared with any earlier norm.

In spite of the record volume of corporate bond and stock financing last year, corporations as a group made little headway toward improved liquidity. Until corporate balance sheets are put into better shape than they are now, the possibility of another crisis in the financial markets will exist. However, it would appear that most of the big problem cases already have been resolved and that, as corporations make slow but steady progress toward restoring greater liquidity in

(Continued on page 34)

# The Credit-Demand Outlook

By NICHOLAS J. De LEONARDIS

Vice President
First National Bank
Chicago

IN TRYING to determine the outlook for credit demand in 1971, one of the imponderables is the federal government. It's quite evident by now that we are headed for a significant deficit, and the only question remaining is how large—$14 billion to $15 billion seems to be a reasonable figure. If this projection is correct, the Treasury will need to raise $4 to $5 billion during the first few months of 1971.

Government agencies have been coming to the marketplace for continually increasing amounts during the past few years, and there is no reason to suspect that their demand is going to decline. Thus, it would not seem to be unreasonable to project that the market needs of the various government agencies during 1971 could easily come to $10 billion.

State and local governments probably will be major borrowers of funds. Here, we are confronted with two problems: 1. The continually growing demand for municipal services, with a growing emphasis on quality-of-life needs—water and air pollution. 2. A significant postponement of municipal financing because of the general high level of interest rates. When totally analyzed, these factors indicate that municipal financing will remain strong, and in all probability we will see states and their political subdivisions marketing between $16 to $18 billion of long-term debt during 1971.

In the Housing and Urban Development Act of 1968, we embodied the needs of a growing economy and population and called for the construction of 26 million new or wholly remodeled residences during a 10-year period, or, simply stated, approximately 2.6 million units per year. However, we have averaged less than 1.5 million units for the years 1968 through 1970, which means that we will have to average approximately 3 million units over the next seven years if we are to meet our objective. Whether or not such a goal is realistic is not important to our discussion, but what is critical is an attempt to put some meaningful dollar figure on this effort. Taking a conservative viewpoint, and stating that even if we were to average only 2 million units per year over the next seven years, prudent estimates have placed an over-all dollar cost at more than $80 billion. Therefore, it is obvious that housing will remain a strong competitor in the capital markets, not only next year but the years ahead.

The final part of our analysis must concern itself with the outlook for corporate activity during 1971. During 1970, we witnessed a continually increasing gap between the internal and external needs for corporate funds. During 1970, corporations were faced with a decline in earnings and had to depend on external sources for a greater proportion of their needs—this has been particularly reflected in the volume of long-term bond financing. Interestingly, there is a comparison of these needs between the 1966-67 crisis and the current economic downswing. Examining the internal needs for these two periods—starting with the 1966-67 period, we find that after being turned away by banks and confronted with a decline in their internal sources for funds, corporations turned to the bond markets to meet their additional financing needs. Thus, we see bank loan activity decreasing from $7.9 billion to $6.4 billion and net corporate bond issues increasing from $10.2 billion to $14.7 billion. An analysis of the current 1969-70 period suggests that a similar result is evolving from the current crisis. Indications are that loans from banks will decline from $10.9 billion to approximately $3 billion and long-term market debt will have increased from $12.1 billion to between $19 to $20 billion.

Projecting corporate needs for 1972 at this time is somewhat clouded by three related factors: the strength in the economic upswing; plans for capital spending and continued attempts to realign balance sheets. The over-all "game plan" calls for an increase in economic activity during the second quarter of this year and then only at a gradually increasing pace.

Further, recent surveys of capital spending plans for 1971 suggest a rate between 2% and 3% over last year, which would be the smallest in 10 years. This latter estimate seems reasonable and, when combined with over-all economic expectations, would forecast a decline in the amount of long-term financing during 1971. Therefore, for this year I would suggest that corporations will return to their banks for approximately $6 billion and will come to the bond markets for between $15 to $17 billion.

Finally, while we may see a decline in over-all bond financing, we may witness a continuing demand on the equity markets from those corporations that find debt-to-equity ratios unacceptable to credit analysts. • •

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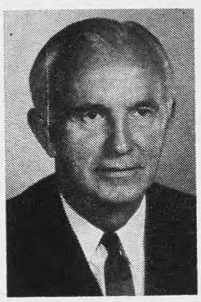
The talk on which this article is based was given by Mr. De Leonardis at First of Chicago's annual correspondent bank conference in November. Mr. De Leonardis is in the bank's bond department.

# Bank of America Realigns Executives; Medberry to Succeed Lundborg in April

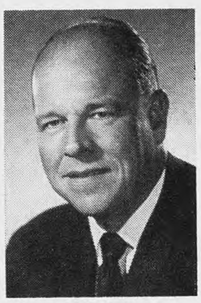
SAN FRANCISCO—In a realignment of top executives, Bank of America has named a new director and chairman-designate, a senior vice chairman, a new vice chairman and senior financial officer and an executive vice president for loans.

The election of Chauncey J. Medberry as a director and his designation as the next chairman of the board of both Bank of America and BankAmerica Corp. was announced by A. W. Clausen, president and chief executive officer.

MEDBERRY

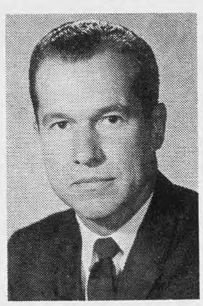


LUNDBORG



STEWART

BAUMHEFNER



RICE

Samuel B. Stewart has been named senior vice chairman of both the bank and the holding company.

Elected to the new post of vice chairman and senior financial officer, as well as a directorship, is Clarence H. Baumhefner, who will have responsibility for all deposit, money market investment, cashiering and loan activities of the $28 billion institution on a worldwide basis.

Already a director of BankAmerica Corp., the bank's one-bank holding company, Mr. Baumhefner also was elected vice chairman of the board of BankAmerica Corp. with responsibility for the holding company's financial affairs.

In naming Mr. Medberry for the chairmanship, the bank's board also elected Alvin C. Rice to succeed Mr. Medberry as executive vice president for loans.

Mr. Medberry's election as chairman-designate, Mr. Clausen said, is in preparation for the retirement of Chairman Louis B. Lundborg. Mr. Lundborg, elected chairman in 1965, will reach the mandatory retirement age of 65 next March and will retire on April 1.

Upon becoming chairman, Mr. Medberry also will assume Mr. Lundborg's responsibilities as chief executive officer for the bank's Southern California activities.

A native of Los Angeles and a graduate of UCLA, Mr. Medberry joined the bank in Beverly Hills as a teller. In his career he has served as a branch lending officer, vice president for loan supervision and senior vice president in charge of Southern California activities of the national division.

In 1968 Mr. Medberry was elected to the managing committee, upon being named executive vice president in charge of trust activities. He assumed his present post as head of loan activities and the loan policy committee in September of last year.

Mr. Stewart moves up to the new designation of senior vice chairman after having served for the past year as vice chairman and senior administrative officer of the bank and the holding company. He will continue in his responsibilities as senior administrator of both organizations.

Mr. Stewart, 62, an attorney, joined the bank in 1947 as vice president and chief counsel. Prior to assuming his post as senior administrative officer, he was chief counsel and also headed the bank's trust activities.

Mr. Baumhefner, in assuming vice chairmanship, takes on an expanded role as head of all financial matters for both the bank and holding company. Cashier of the bank for the past 14 years, the 58-year-old banker was elected to the managing committee seven years ago and named executive vice president in 1965. Last January he was appointed chairman of the then newly created money policy committee and will continue to head that group.

Mr. Rice, in succeeding Mr. Medberry as executive vice president for loans, also will become a member of the bank's managing committee and chairman of the loan policy committee.

For the past two years he has headed the bank's national division as senior vice president at the bank's headquarters in San Francisco.

Mr. Rice, 47, first joined the bank in 1949. Eight years later, after serving in loan supervision and bond investment, he left the bank to become chief financial officer for a construction company. He rejoined the bank six years ago as vice president at San Francisco headquarters and a year later was named head of Northern California activities of the National Division.

Mr. Lundborg joined the bank in 1949 and has served as chairman since 1965. Prior to his chairmanship, he was in charge of public relations and business development. He is a past president of the Los Angeles Clearing House Association and has held official positions with ABA. He is also a director of the Stanford Research Institute. • •

### NABW's 1971 Convention

The 1971 convention of the National Association of Bank-Women Inc. will be held October 6-10 at New Orleans' Fairmont-Roosevelt Hotel. The convention originally had been scheduled for Atlanta October 10-14.

## Tilford C. Gaines

*(Continued from page 32)*

their balance sheets, the likelihood of the recurrence of a liquidity crisis will steadily diminish. • •

* * *

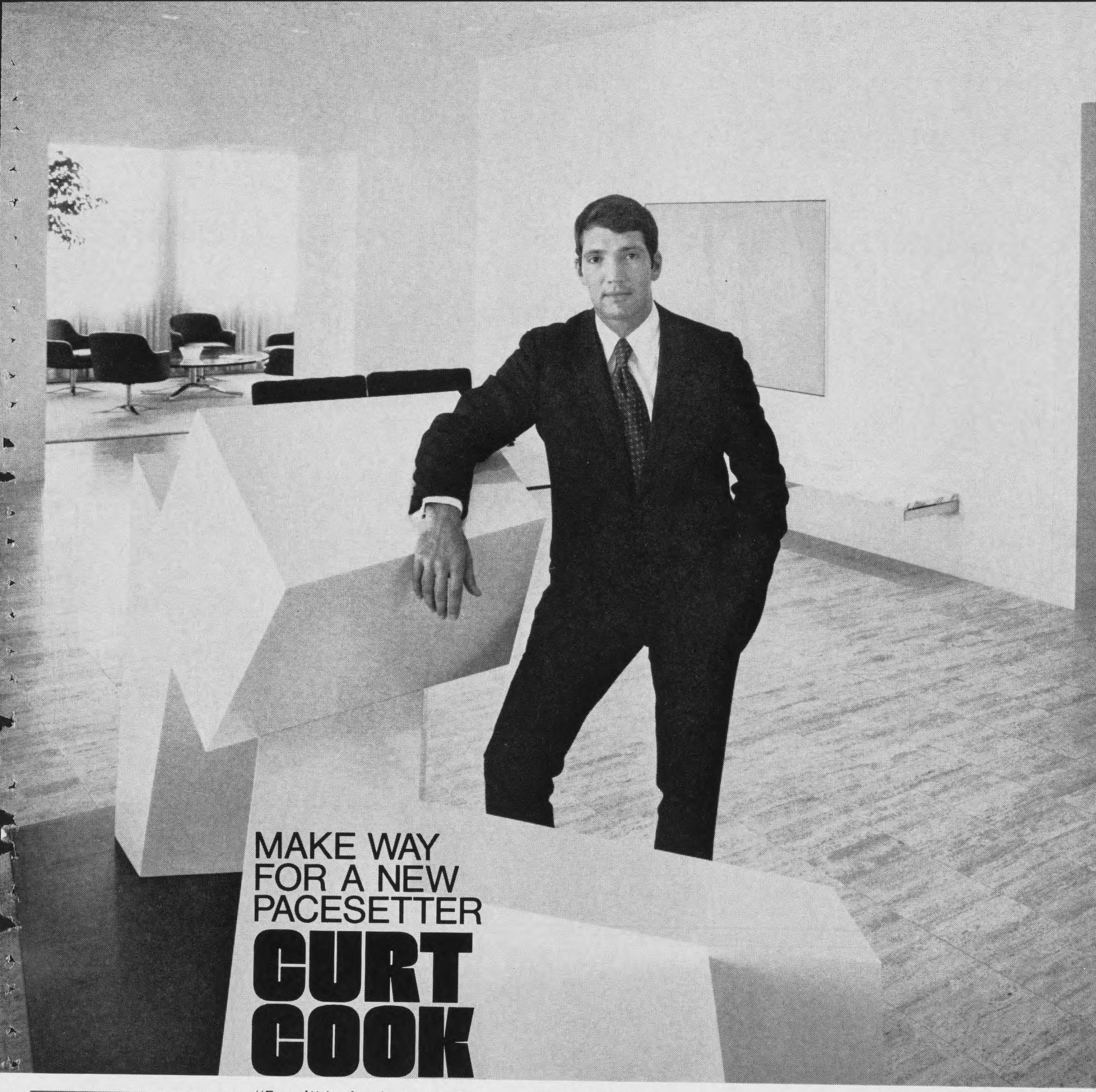
Shortly after making the above remarks at the Manufacturers conference, Mr. Gaines, in an economic report published by the bank, suggested a number of Federal Reserve policy modifications.

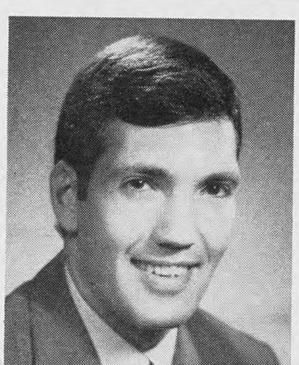
Mr. Gaines suggested an effort, in combination with the Federal Home Loan Bank Board, to assure a larger and more stable flow of funds into mortgage lending.

Another useful change, according to Mr. Gaines, would be step-by-step reductions in the reserves banks must hold against their time and demand deposits. He pointed out that such reductions could replace open market purchases of securities, thus adding to available bank resources only in an amount consistent with Fed policy.

Elimination of various restraints on international money flows, such as the restrictive guidelines on foreign lending by U. S. banks in this country, also was suggested by the New York banker.

In making these suggestions, Mr. Gaines emphasized that he believes the Fed's policy course is about right.



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"Follow-through" is his strong point. Appointed to the United States Military Academy in 1962, he received a BS degree in Engineering . . . later serving as an Army Paratrooper. While at West Point, he lettered in football three years and was active in the nationwide Fellowship of Christian Athletes.

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## MCB READER SURVEY RESULTS

# '71 Deposits Will Rise, Earnings Decline, Say Mid-Continent-Area Bankers

PREDICTIONS of well-known economists and bankers find their way into print quite readily, but the views of the vast majority of the nation's bankers often go unreported.

In an attempt to secure the views of a wide base of bankers on the trends of banking in 1971, MID-CONTINENT BANKER surveyed a portion of its readers.

In generalized terms, MCB's readers expect interest rates to remain stable in their trade areas, with overall loan demand remaining about the same as in 1970. Demand, time and passbook deposits are expected to rise, with operating, investment and net earnings mixed.

Bankers expect to channel about the same amount of dollars into their investment portfolios as in 1970, with the exception of tax exempts, which will show increased activity.

In the personnel department, overall salaries will go up almost universally, with only a few banks granting no raises in 1971. Most banks will not be initiating minority hiring programs in 1971, and most will not be increasing minority hirings.

Few banks were subject to unionization efforts in 1970, but a number expect organization attempts in 1971; the majority of banks are in a good position when it comes to adequate management succession; and the majority of respondents have never used a premium program to bring in new deposits and do not intend to do so in 1971.

Among the banks planning new facilities for 1971, branch offices predominate, with bank-owned main offices ranking second in number of new building projects.

On the legislative front, most bankers consider the reversal of incursions being made into the commercial banking domain by savings and loans to be the most pressing matter for 1971. The majority of respondents consider BankPAC to be worthwhile in concept but think it was poorly managed in 1970.

A specific breakdown of MCB's questions and respondents' replies follows:

**Interest rates.** Bankers were asked if interest rates in their various trade areas would go up, down or remain stable in 1971. Only 7% expect rates to go up, 41% expect a downturn and 49% predict stable rates.

**Loan demand.** A similar question was asked regarding various types of loan demand. A slim majority predicts demand for agricultural loans will increase. The tabulation was 41% for increase, 6% for decrease and 44% for no change. Thirty-nine per cent predicted an increase in demand for commercial loans, while 21% called for a downtrend and 38% predicted no change. Consumer loans will go up, according to 55% of those responding, while 14% called for a downtrend and 31% voted for no change.

Term loans will remain stable, according to 52% of the respondents, while 28% expect more demand and 7% predict less demand. Home mortgages will be on the increase, said 50% of the respondents, while 9% predicted less demand and 37% said there would be no change in demand. The demand for student loans will be the same in 1971 as in 1970, said 46% of the bankers polled, while 39% see a rise in demand and 4% foresee less demand.

Small Business Association loan demand will not change, said 50% of the bankers, while 21% saw an increase and 7% called for a decrease.

**Deposits.** A large majority of respondents estimated that demand, time and passbook deposits would rise in 1971. Few predicted a downturn in deposits, although 31% foresaw no change in demand deposits, 9% predicted no change in time deposits and 25% said there would be no change in passbook deposits.

**Earnings.** Thirty-nine per cent of the respondents expected operating earnings to rise, while 34% predicted a downturn and 25% saw no change. Investment earnings will not fare so well, with 39% predicting a decrease in 1971, while 35% called for an increase and 22% say "no change." Net earnings (after taxes) drew a tie—36% said they would rise and 36% said they would fall—while 25% predicted stability.

**Investments.** Bankers were queried if they anticipated channeling more or fewer dollars into their banks' investment portfolios in 1971. Replies were as follows: Treasury bills—15% predicted an increase, 15% predicted a decrease, 58% saw no change; Governments—18% called for an increase, 11% foresaw a decrease, 60% said "no change"; agency issues—27% predicted an increase, 5% called for a decrease, 48% saw no change; tax exempts—42% expected an increase, 9% saw a decrease, 38% indicated no change.

**Personnel.** Most bank personnel will be receiving wage boosts in 1971, as 92% of the respondents indicated overall salary structure would be raised at their banks. Salary raises of 10% were predicted by 15% of the respondents, and 5% increases were foreseen by another 15% of those replying. An average of the various salary increase percentages reported was 7.4%.

Only 8% of the respondents reported plans to *initiate* programs of hiring minority groups in 1971, while 36% reported plans to *increase* minority hirings. The first figure is low due to the fact that many respondents' banks had initiated minority hiring prior to this year.

Respondents reported that the most difficult type of personnel to locate for hire are clerical, loan officers and data processing people—in that order.

**Unionization.** Only 1% of respondents reported any effort to unionize personnel during 1970, while 16% expect to be subject to organization attempts in 1971.

**Training.** Approximately 25% of the respondents reported plans for specialized training programs for personnel in 1971. Types of training include a joint effort in cooperation with a local clearing house association to train minority groups, executive credit training for commercial lending officer trainees, a monthly program utilizing film strips from Bank Administration Institute, a drug abuse program and a series on the history of banking.

More than 70% of responding bankers stated that their banks would be prepared to meet a management succession problem in 1971.

**Growth goals.** When asked to state if their banks were planning specific growth goals in new business for 1971, respondents replied as follows: *Loans*—42% have established increased goals for 1971, 17% have no goals for 1971, 18% expect no change from 1970 goals; *demand deposits*—61% have established increased goals for 1971, 11% have no goals for 1971, 9% expect no change from 1970 goals; *time and savings*—58% have established increased goals for 1971, 14% have no goals for 1971, 9% expect no change from 1970 goals. Many banks not actively pursuing loans stated they could barely handle the present demand—a few stated they wished the demand would slacken.

**Premiums.** In connection with attracting new business, the survey inquired about the use of premium promotions to increase time and demand deposits. Fifty-eight per cent of those responding said their banks had never used premiums, while 39% reported their banks had used them in promotions. Almost half (46%) of those responding stated their banks did not plan to go the premium route in 1971, while 18% said their banks had plans for programs, 23% were considering programs and 9% said their banks would never use premiums.

**New buildings.** On the subject of building plans for 1971, 16% of the respondents said their banks were planning to construct new branch facilities during the year, 14% planned to build bank-owned main offices, 12% planned expansion programs and 11% were embarking on renovation projects. Twenty-seven per cent indicated their banks would be ordering major equipment and/or systems during 1971.

**Legislation.** The number one legislative concern among bankers responding to the survey was the danger posed by savings and loan associations through their incursions into activities traditionally reserved for commercial banks. Other primary issues mentioned included the proliferation of registered bank holding companies, consumerism legislation and the controlling of interest rates.

**BankPAC.** Replies to the question regarding the Bank Political Action Committee (BankPAC) revealed that 46% of the respondents were critical of the concept and/or the way it was handled in 1970. However, 33% were favorable to the plan, calling for BankPAC's retention and improvement.

Comments included the following: "The sooner this committee is disbanded, the better off the industry will be. Upgrading the ABA's ability to represent the entire industry appears to be a more attractive alternative."

"If banks and bankers are not interested enough in this nation to involve themselves, then there will be no free enterprise system in which to derive a livelihood."

"The long-range effect (of BankPAC) could be beneficial. However, inept handling of the fund has damaged and can continue to damage banking's public image."

"Poorly handled—as political matters handled by bankers usually are!"

"Ten years too late—a must! (Bankers) need to be active politically to offset the organized efforts and political funds of unions and other liberal groups."

"I think BankPAC is a small step in the right direction, but it was handled about as poorly as possible. Hopefully, errors will be corrected and BankPAC will serve a useful purpose."

**State legislation.** Readers were queried regarding what specific banking legislation was needed in their respective states and what legislation they expected would be introduced in 1971 that would be of interest and concern to banking. Following is a

*(Continued on next page)*

# Readers Blow Off 'Steam' Concerning Banking Peeves

READERS RECEIVING MCB's outlook survey were asked to blow off some "steam" at the end of the questionnaire, giving their candid opinions of any aspect of banking not covered by the survey.

Here are some samples:

"Too many small bankers want no changes in the industry or in its laws. We must move forward. It is discouraging when we have to fight among ourselves because of differences of size."

"S&Ls are making too much progress toward 'full-service' banking. Their progress should be retarded or they should be taxed on an equitable basis."

"We should stand up against critics of banking, such as (Wright) Patman and other liberal groups."

"Get rid of our unfriendly Texan!"

"Banking has a poor image and needs new vision, new imagination, new life. Bankers are too afraid to speak out politically."

"Stop inflation and high union pay raises before we have a terrific recession. Roll back prices to the 1967 level."

"Non-bankers gaining control of banks endangers the industry. The big boys are eating up the small banks."

"Why don't banks hire more people with sales aptitudes or specific sales experience? Banks actually seem to fear the word 'sales.' I've yet to come across one bank with a sales department that calls it a sales department!"

"The image of banks and bankers should be maintained at the highest level. Our integrity must be beyond reproach and should not be reduced in our search for profits."

"If Illinois gets branch banking, let's not confine it to county or city. Go whole hog—and look out!"

"We could get along without some of Mr. Patman's ideas concerning banking. We need a chairman of that committee whose thinking is in tune with the times."

"Too much Truth-in-Lending. Small banks are not geared to the extra paperwork and legal problems."

"At the rate regulations are coming off the printing presses, banking ultimately won't be able to cope with them."

"We get tired of Fed extremes in crunching and easing so much. Wish they would learn from past experiences."

"Banking is doing a good job for the communities, but non-bankers are seldom cognizant of the extent of public service rendered by banks and bankers."

"The Comptroller of the Currency is quick to criticize bad banking procedures, but when his office is faced with decisions to remove management in areas where there is bad management, but capital is unimpaired and sound, it skirts the issue. It tests your faith in regulatory bodies." • •

state-by-state report on respondents' views as shown in the survey's results:

*Alabama*. Legislation *needed:* a realistic interest rate on loans; a mini-code; clarification of merger across county lines, statewide banking and registered bank holding companies. Legislation *expected:* escheat bill; bill authorizing a higher interest rate on state funds held in banks.

*Arkansas*. Legislation *needed:* liberalized branching laws; broader powers for banks and improvement of state banking laws; prohibition of bank holding companies. Legislation *expected:* curbing or prohibiting of registered bank holding companies; broader branching law; taxation of capital stock.

*Illinois*. Legislation *needed:* removal of branching restrictions; uniform commercial credit laws; school escrow funds; group banking legislation; a 9% interest rate ceiling; multi-office banking or branching limited to trade areas. Legislation *expected:* branching or multi-office banking; holding company legislation; consumer protection bills.

*Indiana*. Legislation *needed:* limitations on branch banking; law permitting registered bank holding companies. Legislation *expected:* taxation of national banks; authorization of multi-bank holding companies; liberalized branch-banking authorization permitting branching in contiguous counties.

*Kansas*. Legislation *needed:* liberalization of holding companies; technical corrections in the Uniform Consumer Credit Code; expansion of facility laws. Legislation *expected:* removal of restrictions against multi-bank holding companies; authorization of branch banking.

*Kentucky*. Legislation *needed:* increased interest rate authority (to 8%). Legislation *expected:* raising of contract interest rate ceiling.

*Louisiana*. Legislation *needed:* liberalization of branching laws; elimination of nonpar exchange; registered bank holding company bill; revision of state constitution. Legislation *expected:* bill curbing S&L activity in commercial banking area.

*Mississippi*. Legislation *needed:* 1½% per month interest authorization for credit cards. Legislation *expected:* taxation of national banks; amendment of branching laws to provide uniform handling of applications for various types of branches.

*Missouri*. Legislation *needed:* curbing one-bank holding companies; higher usury limit on interest rates; removal of intangible tax exemption from S&Ls; equalization of tax structure between banks and S&Ls; prohibition of demand-deposit privileges at S&Ls; control of registered bank holding companies; expansion of facility-distance authorization; authorization for branch banking; authorization to permit commercial banks more leeway in regard to competition with government agencies. Legislation *expected:* revised facility bill; elimination of intangible tax; increase in usury rate; curbing of registered bank holding companies; consumer protection bills; bill requiring reporting of interest paid to depositors to taxing authorities; escheat bill; right-to-work law.

*Oklahoma*. Legislation *needed:* rules regarding holding companies. Legislation *expected:* reduction of consumer credit interest charges; control of holding companies and branching.

*Tennessee*. Legislation *needed:* a bill to maintain the previous legislative rate of interest charged on loans. Legislation *expected:* new interest rate limit; consumer protection bills; legislation affecting the premiums and commissions on credit life.

*Texas*. Legislation *needed:* county-wide branching authorization.

Another article on state legislation appears on page 27.

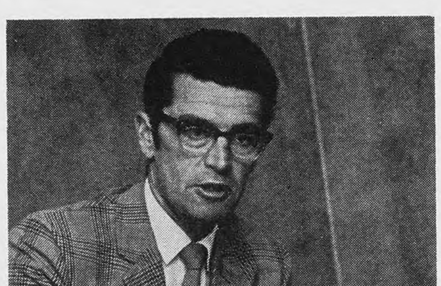
## Columbia College Students and Bank Employees Attend AIB Classes Together for College Credit

COLUMBIA, MO.—Columbia College is one of 22 colleges across the country that has entered into a reciprocal-education agreement with the American Institute of Banking. Under the plan, the AIB opens its courses to college students. In return, Columbia College grants college credit to bank employees who wish to apply their AIB training toward a degree.

About 65 college students and local bank employees are attending three AIB classes taught on the Columbia campus one night a week. The classes are "Principles of Banking," taught by Phillip D. Prather III, assistant vice president, First Bank of Commerce, and Forrest Breckenridge, assistant vice president, Boone County National; "Introduction to Bank Data Processing," taught by Gordon Thomason, assistant vice president, First Bank of Commerce; and "General Economics," taught by John Hildebrand, Columbia College faculty member.

Jack L. Batterson, Columbia dean of faculty, said that having actual bank employees in the classes adds a practical dimension to the lessons which students might not be exposed to in regular college classes.

William R. Mills, cashier, Boone County National, and immediate past chairman of the local AIB study group, said about the program, "Granting college credit for the classwork has been an excellent incentive for our employees."



Forrest Breckenridge, a.v.p., Boone County National, Columbia, Mo., emphasizes a point in his "Principles of Banking" class at Columbia College.

### Independent Bankers Assn. Elects State Directors

SAUK CENTRE, MINN.—The Independent Bankers Association recently elected state directors for three-year terms which began January 1. All will serve on the executive council.

State directors from the Mid-Continent area include: L. Y. Dean III, president, Eufaula (Ala.) Bank; J. C. Reeves, senior vice president, National Bank of Commerce, Pine Bluff, Ark.; Thomas F. Bolger, vice president and cashier, McHenry (Ill.) State; Noel R. Estep, executive vice president, Southwest National, Wichita, Kan.; Harvey B. Young Jr., president, Bank of Kirksville, Mo.; G. K. Brashar, president, First National Bank of Rio Arriba, Espanola, N. M.; Elliott Forbis, president, Security State, Davenport, Okla.

Thomas Butts, vice president, Third National, Nashville, Tenn.; William P. Givens, president, Merchants National, Muncie, Ind.; Marshall Barnes, president, Beaver Dam (Ky.) Deposit; Embree K. Easterly, president, Capital Bank, Baton Rouge, La.; Leo W. Seal Jr., president, Hancock Bank, Gulfport, Miss.; and J. O. Gillham, chairman, Brownfield (Tex.) State.

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# Loan Lessons From 1970

By OLIVER W. BIRCHEAD
President
Central Trust, Cincinnati

IN THE PAST two years there has been a real blood-letting in terms of loan losses among well-run and aggressively managed banks. Tight money has taken its toll, not only among speculators in the securities markets, real estate operators, some conglomerates, marginal finance companies and certain other businesses, public in nature; but this period has also driven home the absolute need for introspection when dealing in bank loans.

BIRCKHEAD

You have heard before that many of our present generation of bankers did not live through the last depression and, consequently, the younger bank officers have not had the bitter experiences of the '30s and '40s. This is fact. Not necessarily speaking for Central Trust alone, but reflecting only an opinion, I believe many of the younger present-day bankers are learning some hard lessons. But I hasten to add that we have learned something, too.

Practical as well as philosophical problems in loan accounts are a few of the things that seem to be getting bankers into trouble. Consequently, many banks are insisting that their people take much closer and more conservative approaches in dealing with loans. Let me touch on a few things we bankers have been learning:

• Since the so-called Eisenhower recession, the nation's economy has been spiraling; continuing inflation has been present, corporate profits have been on an upward trend and business generally has been healthy and robust. Bank deposits have risen with the exception of the last year or so during the squeeze, and when we had money to lend, we have put it to use quickly, utilizing aggressive lending practices. We have reached for loans. In the process, perhaps we have violated some fundamental principles. To name a few:

We are not making the close checkings and investigations we made 10 or 15 years ago concerning prospective borrowers. We haven't bothered to make comparative checkings, trade checkings and have not always talked with borrowers' other or former banks of account.

In many cases we have relied on figures submitted either by management or the accountants involved without insisting on proper certification or important direct verification.

We haven't looked at collateral offered in terms of liquidity and true values, nor have we considered concentrations of assets. And in some cases, we have closed our eyes to what an inventory is really worth under the auctioneers' hammers.

• We have relied on individual or corporate endorsements or guarantees in lieu of actual capital contributions by owners. We have condoned leverage at the expense of capital protection for our banks. Perhaps we have "swung" as an industry a little more than we should have and accepted compromise to suit the borrowers' convenience, in violation of sound credit principles.

• We have looked too much at balances and rate and not closely enough at trends in balance sheets and operating figures over a sustained period.

• We have developed a "messiah" complex, wherein we believe that as bankers we are much smarter, more ingenious and more creative than the competing bank up the street; and, as a result, in some cases, we have ended up with our neighboring bank's dirty laundry and have found that the other banker really isn't as dumb as we thought he was.

• We have made loans to highly leveraged real estate operators on real estate equities based on inflated appraisals without an understanding of cash generation and have found ourselves sandwiched between high rates and points. The tight-money period has hurt the marginal real estate operator, we'll all agree—and wounded some of us in the process.

• In our dealings in the installment loan area we have subsidized automobile dealers with relatively low floor-plan rates; bought marginal installment paper—in many cases below the effective prime; provided capital loans for automobile dealers way out of proportion to capital adequacy and have ended up with losses or with funds frozen into capital loans. With continued unsettled labor conditions in major industries, with unemployment nationally climbing close to the 6% level and with layoffs more in evidence now than a year ago, we should look hard at the quality of paper we buy and at the dealers we trade with. Some of the big boys are backing out of indirect automobile paper. There may be a message here.

• Sometimes we are guilty of poor

documentation, sloppy legal work, poor follow-up on our loans—in some instances inadequate administration—and we are often slow to transfer loan responsibilities from one officer in our bank to another. We have sacred cows in our portfolios where the risk is not commensurate with the yield, where the relationship with the borrower is of such long standing that we have sometimes overlooked trends and figures or we have continued a credit policy invoked by prior bank management that has flown in the face of good judgment.

• My final point covers perhaps the most important phase of all, and that is, being human, we often get too close to our customers. We socialize with them, perhaps too much; don't always listen to warranted criticism from other businessmen and the community; overlook such things as up-to-date personal statements, low compensating balances, continuing overdrafts, past-due notes, improper figures and the rest of the things that you know about.

I dare say there are few bankers who at some time in their lending careers have not regretted having lost their objectivity in dealing with a loan situation. Every now and then, you may agree, we all should step a yard back from the desk and look at the facts instead of the people. It is tough to be a banker, primarily because it is extremely difficult to be solely objective.

I do not mean to be negative, and I really do believe it is possible to have an aggressive lending policy. But I also sincerely believe that now, more than at any time since World War II, we need to be far more selective and far more conscious of the relationship between profit-and-loan losses. • •

# Change Within Banking: Form vs. Substance

**By THOMAS F. DUFFY**
**Vice President**
**Northern Trust, Chicago**

*Mr. Duffy's remarks were delivered at the recent fall conference of the Robert Morris Associates. Mr. Duffy served as RMA president last year.*

AT VARIOUS times, certain words have more popularity—more charisma—than others. For example, one of the great terms of our day is the word "viable." We see it frequently in our reading and hear it in conversation. I wonder if its repeated usage is an indication that we need reassurance concerning our "viability," since we live in such fast-moving and often difficult days!

DUFFY

Another word with great appeal is "leadership." Obviously, this is a desirable attribute so it is sprinkled into many writings and speeches in various contexts, with the result that its significance often is uncertain. Leadership can become merely a topic for philosophical discussion while the erstwhile leaders are comfortably seated with glass in hand watching the ice cubes swirl amidst the fermented grain. But after all, leadership must be more than a vague notion. Doesn't it really consist in getting the job done with a best effort and in a sensible fashion? Doesn't it really mean getting off one's posterior and going to work so that others will be encouraged to do the same?

And how about the word "change"? Here is another ear-catching term that is in favor but where the realities can be strained. Certainly in the banking field the concept of "change" has been used in a sweeping and imprecise fashion. If a speaker states that banking is changing and he is for it, it is like being in favor of "motherhood" and "apple pie." Obviously, he is "with it."

However, I think we might adopt the posture of our attorney friends who, so it is said, when asked for advice, "seldom affirm, rarely deny, but always distinguish." It is important to distinguish just what is changing. There is a difference between form and substance. Certainly the substance, the essentials—such as fiduciary responsibility to depositors, the necessity of providing respectable earnings for stockholders and the need for well-trained, loyal and imaginative people on the staff—are not changing.

And, as we contemplate the business events of late, maybe it has occurred to us that the fundamental principles of commercial lending and loan administration haven't changed either. Experience tells us that change isn't necessarily progress.

During the vicissitudes of past months, certain lending standards have returned forcefully to everyone's mind. I hope you won't think it presumptuous if I enumerate some examples that have commanded my attention:

• The year 1970 was one in which a company's balance sheet returned to prominence. Maybe this isn't such an archaic financial statement after all, and possibly the liquidity ratio is something we ought to consider as well as calculate. There continues to be a difference between commercial banking and investment banking, despite the growing portion of loan portfolios represented by term loans and the emphasis on earning power that this causes.

• In the financing of railroad conditional sale contracts, we used to take a good look at the type of equipment that serves as collateral. I believe we will do so in the future, since it does give the loan officer and his employer a more comfortable feeling when the collateral consists of standard box cars and diesel locomotives rather than automobile racks and cabin cars. Moreover, there really isn't anything improper with the borrower having an equity in the equipment at the time of borrowing. The rule of thumb used to be 15-20% and this was a reasonable standard.

• When is a subordination agreement not a subordination agreement? Is there that measure of additional equity support for the bank loan that was contemplated when credit was granted? If the subordinated note may be prepaid or amended to eliminate the subordination provisions, this may not be the degree of subordination that the loan officer had in mind. In which case, a no-pre-payment letter covering these two eventualities is in order.

• It used to be that an issuer of commercial paper had back-up lines of credit from banks approximating 100% of the paper outstanding. Hindsight is a wonderful teacher and, in retrospect, we realize that by permitting deviation too far from the heretofore accepted norm we permitted some of our clients to embarrass themselves and make it difficult for us. This is unlikely to happen again.

• A period of economic adversity

tests corporate management, particularly where that management has experienced only a favorable economic climate previously. How well do we know the management of our borrowers? Have we developed some impressions about their competence and resiliency when the going gets tough? Is there sufficient depth of management? Surely, we haven't forgotten that loans are really made to people even when the obligation is represented by a corporate note.

• We need the assistance of our friends in the accounting profession. To a large extent we are dependent upon the care and judgment with which their reports are prepared and, well on balance, they meet their responsibilities. This holds true not only for the large, nationally-known firm but also for the regional and local firm. Every bank has become familiar with the product of various accounting firms over the years. But when we receive an audit from a firm with which we have had no prior experience it is prudent to do some checking. This isn't always easy, but the effort spent in communicating with other banks and other accounting firms to determine the names of clients of the given firm and the quality of its work can be rewarding.

• Finally, in this recitation of lessons re-learned, we realize that all bank employees, no less those engaged in the loan sector, are salesmen as well as financial analysts. No bank can live without an aggressive business development effort. Every loan officer has to balance the credit aspect against business development considerations. It is a necessary tug-of-war with which we have to live. I suggest that the worst mistake we can make is to overreach in granting credit in the belief that we have thereby retained or developed a piece of business. In the long run, if the loan becomes troublesome, we may have lost all the good will we thought was engendered and, indeed, have stirred up a good deal of ill will.

I submit that, all too often, what we might have considered as constructive change in lending practice was actually a violation of some sound and time-proven standards.

At the beginning of this article I indicated that there are two sides to the coin called "change"—undesirable or strained on the one hand, constructive on the other. In this latter category, one item that looms large is the significant change that has occurred and will continue with respect to the loan officer's job. An important reason is that the economic environment within which he must operate has changed.

We have experienced two credit crunches in the last four years. While the most recent one has eased, it appears that some measure of tight money will be with us for a considerable period of time. Indications point to a continuing expansion of business activity in the years ahead. Business credit demand will be strong; some observers believe U.S. business will need additional external financing in a volume approximating $400 billion by the end of 1979. At the same time, it is difficult to see where the funds will come from to satisfy this demand. The loan officer will operate in a period where the name of the game is liability management rather than asset management as banks make every effort to search out and develop sources of funds. We must reconcile ourselves to working in an atmosphere of persistent capital shortage, a condition that our country has experienced only intermittently in the past.

I believe this financial prognosis has important implications for those sitting on the loan platform. The loan officer simply has to be better informed about his bank's policies on asset and liability management. How can he place a price on his product—loans—if he doesn't know the cost of the raw material and his overhead? In a time of interest-differential banking, a credit officer must be a more broad-gauged individual than he was in those days when there was plenty of money to lend. He cannot be merely assigned to a desk, with a loaning authority, and told to grant sound credits. I suggest that he has to be brought within the policy-making, management circle in order to make the most effective contribution to his bank's profit plan.

The financing of new industries also will be part of the loan officer's responsibility in the seventies. New credit needs in such areas as oceanography, pollution control and the nuclear and space sciences will challenge us to come up with new credit criteria and techniques not yet on the drafting board. The average loan will become increasingly complex. I am sure you will agree that we will see more revolving credits and term loans, more "evergreen" credits. A corollary is that the practicing loan officer, no matter how many years he has spent on the platform, must be a participant in continuing education programs. These

## *Where Are They Now?*

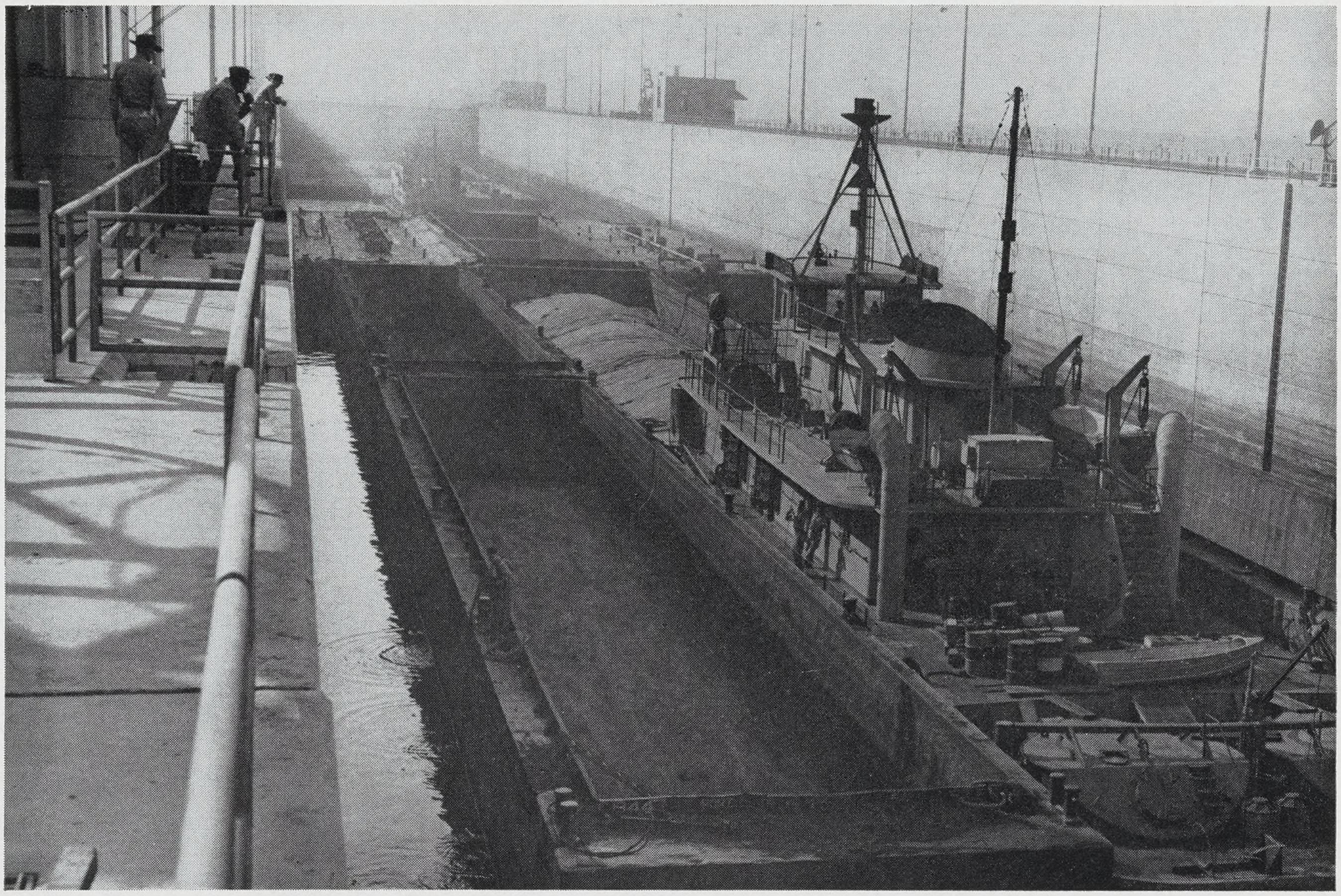
JAKE MAGENHEIMER, who spent 45 years with New York City's Chase Manhattan Bank before retiring as a vice president in 1959, has an unusual occupation for a retired banker: He has been an evangelist the past seven years and is affiliated with Gospel Films, Inc., of Muskegon, Mich. However, Mr. Magenheimer lives in Coral Gables, Fla.

Mr. Magenheimer conducts services in jails, missions and churches 20 times a month and visits hospitals, alcoholic rehabilitation camps and armed forces induction centers. As he puts it, "I try to speak to someone about Jesus Christ every day." The former banker has worked with the Billy Graham group, Ford Philpot and Dr. George Gutzke of Atlanta. Mr. Magenheimer reports he is in good health and has never had so much fun in his life.

The 71-year-old banker attributes his happy outlook on life in part to Chase Manhattan, which he represented in 13 states from Washington, D. C., south to Florida and west to Mississippi. Says Mr. Magenheimer: "Praise God for all employers who give their retirees respect and financial security through pension plans and keep in touch with them as to their welfare. Would you believe we had two increases in our pension because of higher living costs?"

Mr. and Mrs. Magenheimer, married more than 50 years, live in Apartment 1-C, 2800 Toledo, Coral Gables, Fla. 33134.

First services for the seventies!



# WHO WANTS TO KNOW THE TARIFF TO TAIWAN?

Your customer might.

By the end of 1971, goods from the Magic Empire will be streaming into world markets via Tulsa's Port of Catoosa and the Arkansas Inland Waterway.

The economic impact will be greatest in those communities where local banks know how to use the waterway to spur industrial development.

Banks that correspond with The First of Tulsa will have this knowledge — automatically — thanks to our comprehensive Business Development and International departments.

Plan now to tap our Waterway Services for:

- Issuance of import letters of credit
- Negotiation and collection of drafts under export letters of credit
- Arranging telegraphic transfers and airmail transfers to firms or persons abroad
- Handling bills of exchange, bills of lading and warehousing receipts
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- Help in securing credit information on foreign buyers
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And if you have a customer who needs information on shipping charges or schedules, give us a call. We'll be happy to prepare a report at no cost.

Call The First Assistance Team: (918) 587-2141

Dick Wagner Jack Sanders George Bean Jack Majors

*you deserve* ***more...*** *Think First!*

**The First National Bank & Trust Company of Tulsa**

A FULL SERVICE BANK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION may consist of in-bank sessions, post-graduate work at universities, or other programs sponsored by banking associations. The fast-moving pace of our profession demands such training.

For example, we must have a working knowledge of the computer and its products. Indeed, computer applications, such as financial forecasting, lock box site selection, etc., have made the loan officer a marketing man as well as a financial analyst. Moreover, we have made only modest progress in using the computer for analytical purposes with our own loan portfolios.

There are still other new developments that will have an impact and that merit brief mention:

- The domestic loan officer is certain to become involved in international lending through the overseas operations of his national customers. The international sector of credit extension seems somewhat more free-wheeling than many of us are accustomed to observing. I should think we could exercise some constructive influence in this area.
- What of the "equity kickers" feature in connection with loan pricing? Here there are obviously two schools of thought. Some see it as a way of obtaining fair payment for the complicated and time-consuming services required for modern credit packaging. Critics are concerned about the quality of loan decisions based upon the possibility of graduated return. No matter how we personally feel about it, I believe we must consider the concept in our efforts to obtain proper compensation.
- If we are to make the most of new opportunities, we must contribute our full share to the solution of old, unresolved problems. We are all sympathetic to the credit needs of the inner city businessman and many banks are participants in programs designed to assist businessmen from minority groups. I am confident this effort will continue with the realization that counseling and guidance on a continuing basis are equally as important as advancing the funds in granting inner city loans.

The banking industry can take a well deserved bow for the manner in which it measured up to the recent commercial paper crisis. This certainly demonstrated that banks don't restrict loans to those not in need of them! We have also weathered a substantial slide in the stock market, even though lights did burn late as we re-priced collateral. In short, banking is doing its job, and we shouldn't be disturbed by self-serving, unwarranted criticism from outsiders. Unfortunately, in the recent past we have added to the pressure within the industry by indulging in our liking for self-criticism. A sensitive conscience is a good thing, but I have been disturbed by the apologetic, handwringing attitude of some industry leaders. We are entitled to do more than sit and shudder. Happily, there seems to be a marked change in attitude and procedure in recent months. Our industry is adopting a more aggressive position.

We should be particularly proud to be part of the commercial lending function within our banks. Ours is a challenging, taxing discipline. The true changes that are occurring make it perfectly clear that the life of the bank lending officer is going to be increasingly complex and increasingly exciting. I am confident that we wouldn't want it otherwise. • •

## Gaylord Freeman Jr.

*(Continued from page 32)*

ly in the next few months. The resultant increase in the refunding of corporate debt will further reduce bank borrowings from their present level, which, compared with any period beyond two years ago, still is extremely high.

I expect that the prospect of lower interest rates appears pleasant to most borrowers. As this element of cost declines, profits benefit. A period of generally declining interest rates is profitable for bankers, too, because as our cost of money declines more rapidly than the rates earned on our longer-term notes, we do better in a period of declining rates than in a period of rising rates.

However, although the lower rates will be popular, they may entail the payment of a substantial price. The welcomed increase in the money supply reflects the Fed's intention to stimulate the economy. If the stimulative effort is effective, it will increase demand and, as a result, almost certainly exert further upward pressure on labor and material costs and, hence, on prices. If we can hold this price increase to a lower level than corresponding price increases in other countries, we will have achieved a great success. But if our prices rise more rapidly in dollars (whether or not in percentages), we will find our products increasingly uncompetitive in world markets. As long as interest rates on Eurodollars are higher than on European currencies, there is an incentive for Europeans to hold dollars. But if our interest rates fall below those in Europe and, at the same time, our payments continue in deficit and our prices rise above those abroad, the thoughtful foreigner may prefer another currency to ours. If this develops, how will our government redeem any substantial part of the more than $40 billion of short-term dollar claims when we have less than $16 billion of gold, convertible currencies, IMF drawing rights and SDRs (special drawing rights)?

The unhappy consequences of such a situation cause me to believe that continued restraint (even though it may involve increased unemployment and higher taxes) is preferable to any significantly higher costs. This leads me to fear that any significantly stimulative effect of lower interest rates may not be an unmixed blessing. • •

## Ten Promotions Are Announced By National Bank of Tulsa

TULSA—National Bank of Tulsa has promoted Francis G. Hawkins to senior vice president of bank operations and Paul H. Mindeman to head of the trust department. Mr. Hawkins was senior vice president and senior trust officer. Mr. Mindeman is vice president and senior trust officer.

HAWKINS

MINDEMAN

LINEBACK

SMITHEN

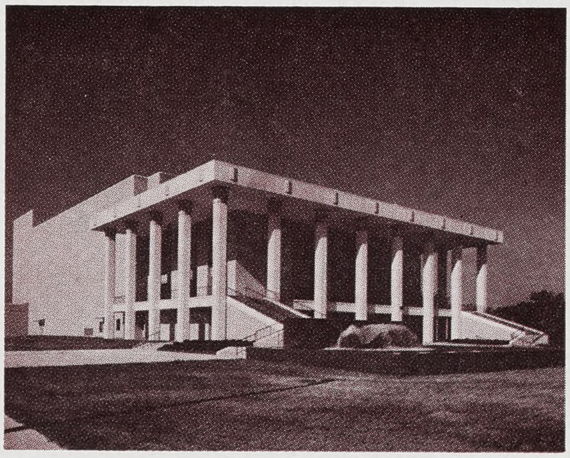
CUNNINGHAM

In other action, NBT elevated three officers and elected five new officers. Promoted were: P. V. Smithen from assistant vice president and trust officer to vice president and trust officer; L. Lawrence Lineback from assistant vice president to vice president; Don M. Cunningham, credit operations manager for Master Charge, to assistant vice president; Francis J. P. Carey, Rex E. Edgar and Ronald P. Trout to trust officers; and Dan R. Morgan and Miss Dorothalice Potter to assistant cashiers.

Mr. Hawkins joined the bank in 1946 as a trainee and Mr. Mindeman in 1962 as trust administrator.

# Jackson, Mississippi

JACKSON, MISSISSIPPI MEANS BUSINESS ...AND THE GOOD LIFE, TOO!

As one of the South's important metropolitan centers, Jackson enjoys a healthy, balanced economy of both commercial and industrial enterprises. It is a governmental, educational, medical and cultural center covering a wide service area. Few cities offer the broad opportunity for a profitable business operation and the accommodations for the good life, too.

Strategic location and excellent transportation facilities place Jackson within an overnight $50 billion market.

First National Bank is closely involved in every phase of Jackson's business, cultural and civic life. Perhaps you would like to know more about Jackson and the opportunities it offers. First National has the answers.

**BRANCHES:** Commercial National Bank, Greenville and Leland; First National Bank, McComb; The Bank of Greenwood, Greenwood; Amite County Bank, Gloster, Liberty; Tylertown Bank, Tylertown.

FIRST NATIONAL BANK

MEMBER FDIC

JACKSON, MISSISSIPPI

## Eugene Swearingen

(*Continued from page 25*)

long one. In my opinion, tight monetary policy was continued several months too long. Unemployment increased from 2,851,000 in November, 1969, to 4,667,000 in October, 1970. This under-utilization of human resources is indefensible. We are finding well-educated, well-motivated, experienced people among the ranks of the unemployed, and this indicates failure of economic policy.

**Hazards of Forecasting.** One of the economic indicators we watch closely is business spending on new plant and equipment. Early in 1970, businessmen were reporting that they would increase this spending by 10% to 12% during the year. However, as profits began to be pinched, they reduced their capital expansion plans to an estimated 5% for 1970. Since profits for 1971 will continue to be pinched, we can anticipate an even further decline in spending on new plant and equipment.

As the economy slowed down, we began to experience a surplus in productive capacity. Businessmen are reluctant to add to capacity when their utilization of existing capacity is low. The rate of utilization in manufacturing has fallen to 76%, the lowest level since the 1958 recession.

National defense spending in 1970 has been cut, but these economies have been offset by increasing expenditures in non-defense areas. There is great social pressure for spending to tackle some of our pressing problems such as pollution, crime and urban decay. Medical and hospital costs have been among the most rapidly rising costs in our society, and there is great pressure to increase health benefits.

**Residential Housing.** Residential housing should be one of our strongest areas in 1971. We need to have at least 2½ million private housing starts annually to meet the needs of our expanding population, and the actual rate of building has been almost one million units short of the desired goal. Therefore, one of the first results of easier money should be to increase the availability of home-mortgage credit.

Non-residential construction probably will decline in 1971 in real terms and more than likely will decline even in terms of inflated dollars.

**The Flow Back to Banks.** The dollar amount of certificates of deposit in National Bank of Tulsa has more than doubled since April 1, 1970. At the end of March, our CDs totaled $46 million. There was a slight increase until June, when Regulation Q was suspended for deposits of less than 90 days. We then were able to compete effectively for these funds, and we have had an increase of $60 million in these deposits in the past five months (as of the time when this article was written).

**Spending.** Personal-consumption expenditures also will increase in 1971. *The high rate of savings in 1970 probably will not continue into 1971* because consumers soon will gain the liquidity positions they desire. Workers are still getting relatively large pay increases, and the elimination of the surtax has increased their personal disposable incomes. Retail sales should begin to show improvement by the first quarter of 1971; however, it appears now that Christmas buying will not be as strong as in previous years, especially for big-ticket items. The consumer has been reluctant to spend for durable goods all during 1970, and as the economy begins to improve in 1971, we should see increased expenditures in the durable-goods areas of household appliances, furniture, houses and autos.

**Productivity.** The productivity of labor is measured by the output per man-hour. This index has been almost level since late 1968; however, we have seen a recent sharp upturn in productivity. One reason, of course, is that, as a labor force is cut, employees who are least effective are the ones management releases first (barring problems with seniority). This automatically increases the average, because the best workers remain. Another factor is that increasing unemployment has a psychological effect on the willingness of people to produce. If enough increase in productivity results, labor costs per unit may decline and increasing wages will not necessarily result in higher costs of production.

**Bank Earnings.** We believe the key to bank earnings for 1971 will be in cost control. There is increasing recognition that banks are *brokers* of money. We operate on the spread between what we have to pay for money and the rates we are able to charge. This spread no longer is adequate to permit inefficiency in bank operation and have earnings equal to past performance.

**Cost of Living.** Perhaps the most overlooked fact about the cost-of-living index is that it is not an adequate measure of our true change in cost of living. *The index is very inadequate in measuring quality of living.* More and more of our costs come from our attempts to deal with pollution, social problems and problems of safety, resulting in changes in *quality* of living. For example, a firm that's forced to install major anti-pollution equipment may increase its prices, and our cost-of-living index would rise. This does not mean that society is paying higher prices, but simply means that we are buying a product—improved quality of living—which we had not been getting before.

For this reason, I believe that our cost-of-living index must be reevaluated or we will appear to be having inflation when, in fact, we are not. This error could lead us into some very bad policy decisions. • •

## Legislative Outlook

(*Continued from page 28*)

to establish branches without regard to locations of principal offices of competing banks.

2. Delete the 10,000-population requirement and natural boundary-limited parking-cost-of-expansion provision contained in the present statute. With this change, the same criteria would be applied for establishment of branches in all Indiana counties having less than 500,000 population and in counties having three or more cities of the second class.

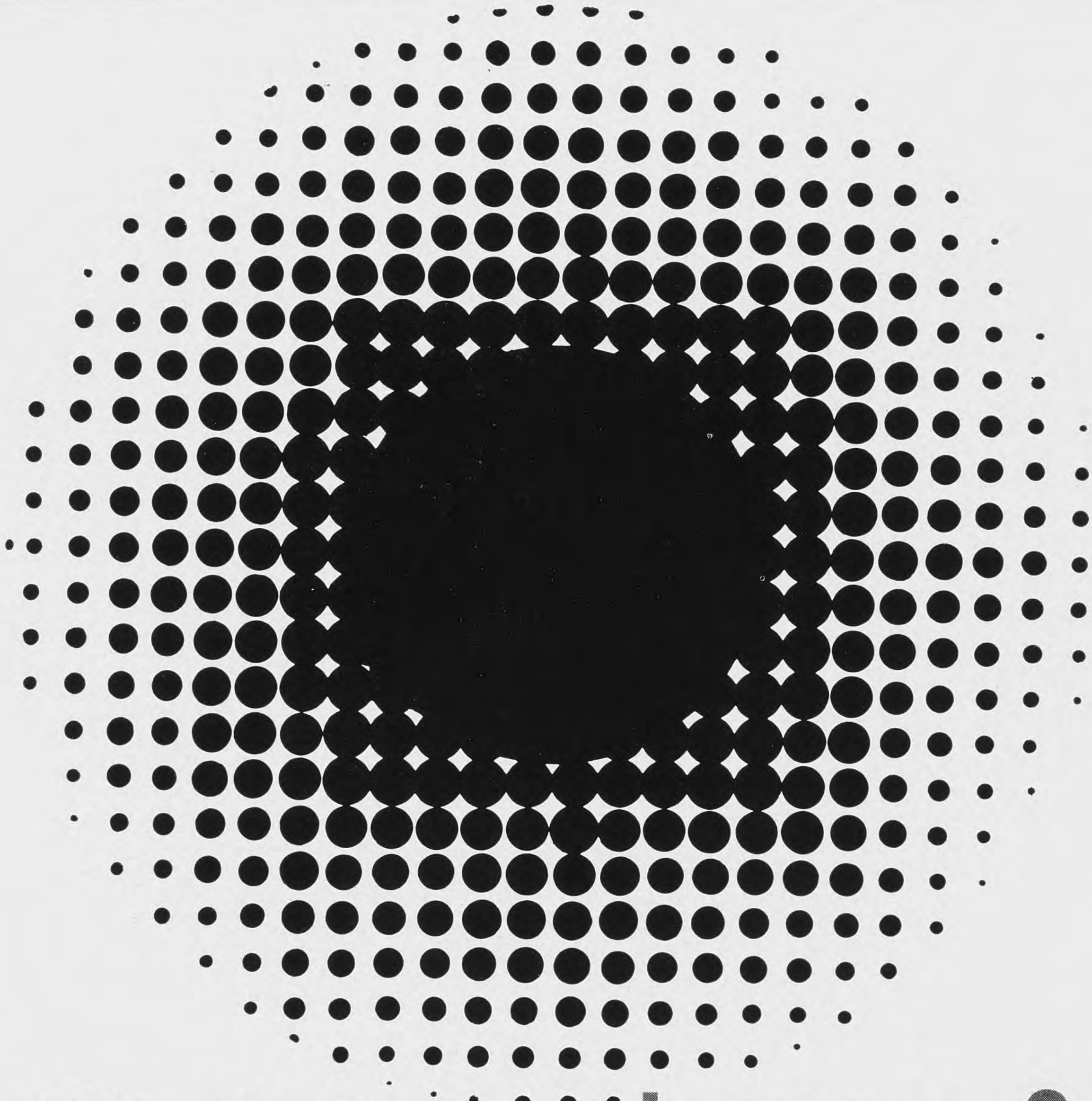
3. Eliminate the provision in the law for bank facilities and insert a grandfather clause to permit continued use of facilities in use prior to the passage of the new law. Henceforth, facilities would be treated as branch banks. This change would be predicated on elimination of distance requirements in the branching law.

In Indiana, a banking facility now cannot be located more than 500 feet from the main office or closer than 500 feet to another bank. The business transacted in a facility is limited by law.

These proposals would not change the present home office protection accorded banks in all counties except Marion County. Branches now can be located only in counties where parent banks are located. The IBA said it would oppose legislation to permit branching beyond county lines.

The IBA also hopes to legislate some changes that will place the state's Department of Financial Institutions in a position of equality with federal bank supervisory agencies.

Among changes in the department that the IBA hopes will be passed by the legislature are: staggering of terms of members of the department; increase in number of members from six to seven; change in membership requirement, including a provision that no one could be appointed who is actively engaged in a federally chartered financial institution; creation of a divi-



sion of trusts along with a supervisor for such a division; and expansion of cease-and-desist powers of the department and the director so that they would be in line with those now available to the Comptroller of the Currency.

In other legislative matters, the IBA said it will support proposed legislation allowing the state of Indiana and local governments to earn more interest on public deposits. Support also will be given legislation to limit the amount of excess state public funds deposited in any one bank.

The IBA also will support adoption of the Uniform Consumer Credit Code, which will be presented to the 1971 General Assembly, and adoption of a trust code.

*Kansas.* After being under study for two years by a special legislative study committee, UCCC is expected to be brought out for consideration. The Kansas Bankers Association has helped with the study and has adopted a watch-and-wait policy to determine if provisions can really benefit Kansas consumers, as proponents of the code claim.

Legislation to increase the interest rate on state inactive funds deposited with banks is expected. The increase would be from 70% to 80% of three-months average of the U. S. Treasury Bill rate.

The KBA executive council has recommended consideration of possible legislation requiring investment of a substantial portion of the Kansas Public Employees' Retirement System Fund in Kansas investments to help develop the state's economy.

Both KBA and the State Banking Department favor legislation involving procedural changes and clarifications, such as authorizing certain fixed-asset investments for state-chartered banks similar to present authorizations for national banks, clarifications on authorized holiday closings and emergency bank closings, etc.

The KBA executive council voted recently not to take sides over the issue of liberalizing the state's branching laws or permitting the introduction of registered bank holding companies. The council agreed to continue study of the branching and holding company question and voted to continue the work of the Long Range Planning Commission to seek ways of improving the banking structure and the economic situation in the state.

*Missouri.* The Missouri Bankers Association plans to propose legislation to increase services provided by a facility and expand the present 1,000-yard distance between banks and their facilities.

### N. Y. Curtails Premiums

Premium programs in state-chartered banks in New York have been curtailed by recent action by the New York State Banking Board.

Beginning January 1, any New York-chartered commercial bank, savings bank or S&L may conduct only one 30-day promotional campaign a year per bank. Previously, these institutions were permitted one 30-day promotional campaign for each office or branch.

An additional 30-day promotion can be conducted in connection with a branch opening, but the promotion must be limited to the branch involved.

All plans for such promotions must be cleared by the banking department.

The possibility of passage of a UCCC bill is also seen. A special legislative interim study committee has been holding hearings on such a measure.

Escheat legislation has a possibility of being re-introduced in the 1971 session. It will probably be opposed by MBA, which has not favored escheating of an individual's account to the state in the past.

The Missouri Independent Bankers Association is expected to propose legislation curtailing registered bank holding companies (see Dec., 1970, MCB).

Considerable pressure is being exerted throughout the state for a better system of allocating state funds. This has occurred primarily because the state treasurer is presently under indictment for allegedly accepting a financial award from a banker in exchange for the deposit of a portion of the state's funds. Extensive auditing of state accounts is promised by Missouri's newly elected auditor, who ran on the pledge of putting the state's fiscal affairs in order.

*New Mexico.* A bitter battle over branch banking may be fought in the 1971 legislature. However, State Senator Edmundo Delgado, Santa Fe Democrat, at latest report was still undecided whether to introduce a bill for statewide branching or a bill to seek funds to study the subject.

A proponent of statewide branching is Frederick S. Huber of Los Angeles, executive vice president and general manager of Western Bancorporation, which has several bank affiliates in New Mexico. They include Bank of New Mexico, Albuquerque, and Santa Fe National. On a visit to Albuquerque to attend a Bank of New Mexico board meeting, Mr. Huber was quoted at length in the press as advocating the extension of branching.

Opposition to statewide branching is led by Kenneth Brashar, president of First National of Rio Arriba, Española, chairman of the newly formed Independent Bankers Association of New Mexico, which claims to represent the majority of the state's banks.

The New Mexico Bankers Association has announced that it will not take a stand on the branching matter.

Present New Mexico law allows restricted branching, permitting a main bank to establish a branch in the same county, in an adjoining county if another bank is not located there or within 100 miles in a county with no bank. There has been a recent trend to multibank ownership in the state.

The NMBA told MID-CONTINENT BANKER that its 1971 legislative program consists of one major piece of proposed legislation. The latter would reduce the amount of collateral to be pledged for deposit of public funds in banks from the present 100% required to 50%. This legislation would be an amendment to a law passed in 1953.

Another piece of proposed legislation would bring private trust companies under regulation of the Department of Banking. There are only three such companies in the state, according to Denton M. Hudgeons, NMBA executive secretary.

Mr. Hudgeons also said that a Uniform Consumer Credit Code may be introduced in the New Mexico Legislature and that the NMBA has taken no stand regarding the code.

*Texas.* Subjects that might be introduced in the Texas legislature include the restructuring of the bank holiday statute to provide more uniformity in bank holidays but still permit banks to remain open six days a week; and an updating of the moratorium provision of the state banking code, calling for the removal of S&Ls from the code and the addition of a provision permitting the banking commissioner to authorize a bank to close under emergency conditions. • •

## First of Louisville

*(Continued from page 5)*

ior vice president in 1963 and executive vice president in 1966.

Mr. Norman became vice president of Kentucky Trust and First National in 1935 and subsequently was named executive vice president and president of Kentucky Trust. He was elected chairman for the affiliated banks and investment company in 1965.

Mr. Blakemore served as vice president and trust officer, senior vice president and executive vice president of Kentucky Trust. He was elected president in 1965.

### Trochta Elected Vice President Of Boatmen's Bancshares, Inc.

ST. LOUIS—Joseph A. Trochta, vice president, Boatmen's National, recently was elected a vice president of Boatmen's Bancshares, Inc.


TROCHTA

Mr. Trochta joined the bank in 1966. He was elected assistant cashier in 1967, assistant vice president in 1968 and vice president last May. Mr. Trochta was in charge of the methods and standards department and had responsibility for the bank's operations improvement program.

### Missouri Bancshares Acquires Joplin and Carthage Banks

KANSAS CITY—Missouri Bancshares, Inc., registered multi-bank holding company, recently announced the acquisition through an exchange of stock of Security National, Joplin, and Central National, Carthage.

The holding company, which owns all of the shares of City National, Kansas City, recently attained its registered status through the acquisition of Kemper State, Boonville. Another exchange offer is currently pending to shareholders of Peoples National, Warrensburg.

### Casey to Head New Department At Liberty National Bank

OKLAHOMA CITY—Liberty National recently appointed Jay C. Casey vice president and manager of the newly created industrial development department.


CASEY

The department's activities will include the development of new sources of joint industrial financing on a statewide basis and will provide a link between Liberty National's correspondent banks and national firms interested in exploring Oklahoma plant sites.

Mr. Casey was assistant vice president in Liberty National's national accounts division from 1965 to 1967. From 1967 to the present he served as director of Oklahoma's industrial development program.

## Suggestion Program

(*Continued from page 13*)

responsibility, the more liberal the interpretation of eligibility. Also, employees whose job duties include methods improvement or research (including special assignments) are eligible for awards only on suggestions clearly outside the areas covered by their job responsibilities.

According to this program, a suggestion is defined as a constructive idea for more efficient or economical operations or procedures, improved service to bank customers or improved public or employee relations. It must not only call attention to the need for a change, but also must contain a proposed solution. A suggestion must be submitted on an official suggestion form. Suggestions may involve tangible or intangible suggestions or both.

**Awards.** Bank of the Southwest has set awards for intangible benefits at a minimum of $15 and a maximum of $500. Awards involving tangible benefits may range from $15 to $1,000 and are based on 25% of the estimated first-year savings. The suggestion committee follows up with the investigating supervisor of the adopting department *one year* after the date of adoption to determine whether actual savings during the first year exceeded the estimated savings. If actual savings were greater, a supplementary award is paid.

Suggestions that are not adopted are filed by the suggestion committee for one year from the date of notification to the employee of rejection of his suggestion. If a rejected idea is used during this one-year protection period, the suggester is entitled to an award.

All suggestions submitted through the suggestion plan become the bank's property. Decisions of the bank in approving or rejecting suggestions, fixing amounts of cash awards, determining priorities and administering all phases of the system are final.

According to a bank spokesman, the quality and quantity of suggestions under the program have been increasing steadily, and about 10% are adopted. The maximum award of $1,000 has not yet been given, but there have been some $250 awards, as well as a number in the $100-$150 range. Most of the suggestions earn $25 to $75.

### Kentucky Trust Conducts Estate Planning Contest

LOUISVILLE—Kentucky Trust recently held an estate planning contest for senior law students of the University of Louisville. The bank sought to develop interest in estate planning and to familiarize students with Kentucky Trust.

In the contest, students were asked to find solutions in an estate planning case history situation. Prizes totaling $500 were awarded.

### Continental Bank Elects 2 VPs

CHICAGO—George E. Handtmann Jr. and John M. Davis recently were elected vice presidents, commercial banking department, Continental Bank.

Both men are members of the national division's group which serves corporate customers in Illinois, Indiana and Iowa.

# Era Over at Valley Bank of Arizona; Bimson Brothers Retire at Year-End

PHOENIX—Walter R. and Carl A. Bimson, brothers who guided Valley National of Arizona from a faltering bank in the depression to its present status as a $1.7-billion, 120-office institution, retired at year-end. Walter was chairman and Carl vice chairman. Both will continue to serve the bank in emeritus positions.

W. BIMSON

James E. Patrick, who also was vice chairman, moved up to chairman. Earl L. Bimson continues as president.

C. BIMSON

PATRICK

Both Bimsons joined the bank in 1933. Walter, who started out as president, came from Harris Trust, Chicago, where he had been an officer 12 years. Earlier, he had spent seven years with Berthoud (Colo.) National, located in the town in which he and his brother were born. Walter Bimson was president of Valley National 20 years, until 1953, when he became chairman.

Carl Bimson spent six years with the Mountain States Telephone & Telegraph Co. in Colorado and two years in real estate property management in Denver before going to Phoenix to join Valley National. He became a vice president in 1940, a director in 1941, executive vice president in 1949, president in 1953 and vice chairman in 1962.

Mr. Patrick, an Indiana native, went to Phoenix in 1942 and joined Valley Bank in 1945 after a career outside of banking. His first post at the bank was manager of employee training. He had been vice chairman since 1967 after having been president five years and executive vice president seven years.

Walter Bimson has been credited with being a major underwriter of Arizona's growth since January 1, 1933, the day he became Valley Bank's president. Although it was in the depths of the depression, Mr. Bimson lifted his employees' morale by putting into effect the then-new idea of lending money to create capital and "working dollars," which percolated upward through the economy. Mr. Bimson's belief was, "The more money we put into circulation, the sooner we'll climb out of this depression. That and faith in our future will do it."

Within three years after he became president, Valley Bank's deposits had increased from $6.7 million to $25.2 million; loans had risen from less than $3 million to more than $8.6 million.

Believing a bank should serve the individual, he started thousands of wage earners in business, turned hundreds of tenant farmers into owners, made loans to school boys for education and financed home leaves for wartime servicemen.

### Pioneered Services

He pioneered new areas of service. Valley Bank made the first FHA loan in Arizona, had the first installment loan department in the state, had the first drive-in bank, the first GI loan department, the first small business department, the first community room and was the first to make complete, detailed reports of the bank's operations to stockholders and the public.

He inaugurated retail banking, seeing VNB as a financial department store, "serving all of the people."

He believed that the way for the bank to grow was to help the state grow and he put his ideas into action.

*Time* magazine observed: "In the late '40s, Walter Bimson, then president of the Valley National Bank, bet more heavily than any other man upon the state's future, extended credit . . . to build new homes, motels, office buildings."

### Served the Nation

On the national level, Walter Bimson has been an adviser to President Truman on problems of small business, director of the Federal Reserve Bank of San Francisco, a council member of the National Planning Association and the Committee on Economic Development and an adviser to President Eisenhower on reorganization of the U. S. Indian Bureau, as well as economic consultant to the Arizona San Carlos Indians.

During the nine years of Carl Bimson's presidency, Valley Bank resources increased from $328 million to $750 million and the number of offices jumped from 33 to 74, bringing VNB service directly to every Arizona county and every major community. Valley Bank became one of the 50 largest among the nation's 14,000 commercial banks.

He implemented the Valley Bank philosophy of retail banking in Arizona and promoted Arizona to the rest of the country as the place to work, live and play.

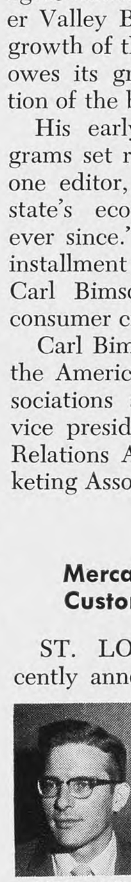
*Advertising Age*, national marketing magazine, credited Carl Bimson's bank advertising philosophy with helping VNB become the largest bank in the eight-state Rocky Mountain area and one of the largest in the nation. At the same time—commenting on VNB's constant efforts to promote diversified growth of Arizona's economy—the magagine added: "It's a question of whether Valley Bank owes its growth to the growth of the state or whether the state owes its growth to the canny promotion of the bank."

His early promotion of FHA programs set records and, in the words of one editor, "sparked an upturn in the state's economy that has continued ever since." Innovations in the field of installment loan procedures earned for Carl Bimson national stature in the consumer credit field.

Carl Bimson is a former president of the American and Arizona Bankers associations and a former director and vice president of the Financial Public Relations Association (now Bank Marketing Association). • •

## Mercantile Trust Establishes Customs Services Subsidiary

ST. LOUIS—Mercantile Trust recently announced the establishment of Mercantile Customs Services, Inc., a wholly owned subsidiary of the bank. The new firm will be managed by William H. Meadows, who formerly was with L. E. McCullough & Co., St. Louis.



MEADOWS

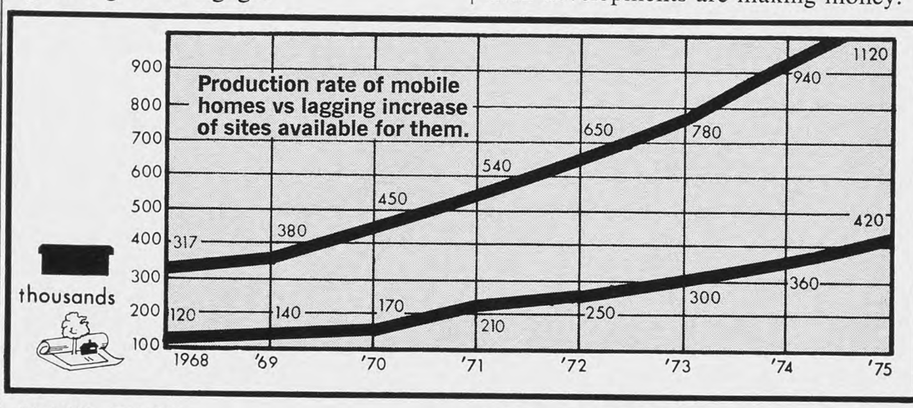
Mercantile Customs Services, Inc., will serve as custom-house broker for importers in custom matters and will assist them in the clearance of imports through U. S. Customs. The new company will furnish importers with information on foreign and special documents and will provide in advance the approximate cost of the duty as well as other expenses and handling charges. This will simplify for the importer what is ordinarily a complex process of clearing import goods through Customs.

# Right now mobile homes are Big in National Housing

**MODERN MOBILE HOME DEVELOPMENTS ARE MAKING MONEY FOR INVESTORS AND LENDERS**

**Profit of 25% and more on equity is being realized — *after debt service***

Reliable figures, available to you, show substantial net profit before depreciation and taxes but after debt service at current interest rates — the favorable safety factor or 'cushion' that every prudent lender looks for when granting a mortgage.




### HOW BIG?

More than 412,000 built in 1969.

*Mobile homes, right now, account for:*

- 67% of new homes under $25,000;
- 79% of new homes selling for less than $20,000;
- 94% of all new one-family homes selling for less than $15,000.

### MORE 'TRAILER CAMPS?'

BY NO MEANS! Today's well-landscaped mobile home developments — with curbed streets, community TV antennas, recreation areas and underground utilities — are a far cry from the unsightly 'trailer camps' set up in the 1940's. *No comparison.*

### QUALITY LIVING

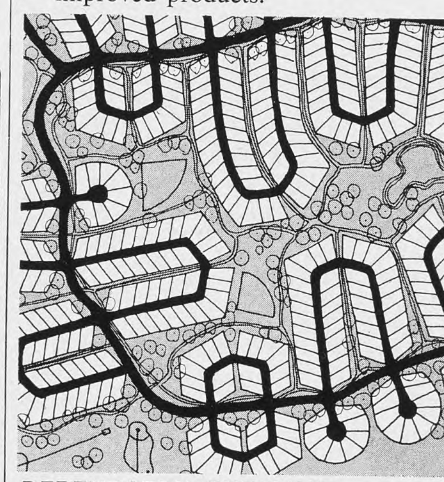
Today's well-engineered residential mobile home developments are *assets* to their communities. They provide comfortable living at economical cost for millions of families. And the well-operated developments are making money.

### WILL THIS TREND CONTINUE?

Seems inevitable. And everyone concerned with housing owes it to himself to replace any out-dated opinions with up-dated facts.

### CONSIDER THESE BASICS:

- Factory methods produce more house for the money — and the 'spread' between manufactured and site-built is widening.
- Retail prices range from under $5,000 to over $15,000. Long-term financing is available on the homes, including FHA and Savings & Loan Assn.
- Today's mobile homes are spacious, beautiful and livable; are sold decorated, handsomely furnished and equipped with appliances—*for living.*
- Many of the manufacturers have been in business 15, 20, 25 years or longer; responsible firms, building constantly-improved products.



### DEPENDABLE GUIDANCE

is now available covering all phases of mobile home developments, from feasibility study through planning, architectural and engineering steps to efficient—and profitable—operation.

M.H.M.A. can help you find facts/figures for decision-making. As a first step, send the coupon. Or, you may contact Richard Mitchell, Director, Land Development Division, M.H.M.A., 6650 N. Northwest Highway, Chicago, IL. 60631.


**MOBILE HOMES MANUFACTURERS ASSOCIATION** Dept. MCB

6650 Northwest Highway, Chicago, IL 60631

_____(A)
_____(B)
_____(C)

*Gentlemen:*

Please send me the material checked at left; remittance to cover items (B) and/or (C) is enclosed, making it unnecessary to open an account for this one-time transaction.

Name ____________________

Firm ____________________

Address ____________________

City ____________ State ____________ Zip ________

## 'Bank Marketing Approaches' to Be Theme Of BMA Conference January 31-February 2

"Bank Marketing Approaches" will be the theme of a regional conference to be held January 31-February 2 at the Royal Orleans Hotel in New Orleans. The conference will be sponsored by the Bank Marketing Association in cooperation with the Louisiana Bankers Association. Gilbert M. Mellin, vice president, Whitney National, New Orleans, will be conference chairman.


MELLIN

The program will deal with those basic approaches to marketing bank services that officers of smaller banks should find both practical and judicious for their operations. At the same time, planners of the conference hope the sessions will appeal to all who wish to increase their portfolios of good bank marketing concepts and techniques.

"The First Marketing Objective—Selling Management" will be discussed by BMA President Edward C. Boldt, senior vice president, Central National, Cleveland.

Other topics will include: "The Marketing Plan—Objectives and Budget," "The Public Relations Program of the Foundation for Full Service Banks," "Motivating Your Staff to Sell," "Advertising Giveaways—Pros and Cons," "Successful Premium Promotions—Case Histories," "Implementing the Advertising Plan" and "Where Do I Get Effective Advertising?"

The conference also will feature a new-idea session called "Sound-Off."

Registration will begin at 4 p.m. January 31, followed by a Dixieland hospitality reception. The following evening, there will be a reception at the International Trade Mart.

### Consumer Protection Act Takes Effect in April

The Consumer Protection Act of 1970 takes effect April 25. It applies to all situations in which adverse information in a credit bureau report is a factor in the denial of an application for consumer credit, for employment or for insurance of other than a business nature.

According to Representative Leonor K. Sullivan (D.,Mo.), chairman of the Subcommittee on Consumer Affairs of the House Committee on Banking and Currency, the act assures individuals an opportunity to examine and challenge information about them that is sold to prospective creditors, employers or insurers. Mrs. Sullivan told MID-CONTINENT BANKER that the act also assures individuals the right to obtain correction of clearly erroneous data; to incorporate in their credit files an explanation of the circumstances in cases of incomplete or disputed data that cannot be readily verifiable; to arrange to have such corrected or clarified information sent to recent previous recipients of the information; to sue credit bureaus for actual and punitive damages for harm resulting from the credit bureau's own negligence; and to obtain prosecution for willful violations of the act, including the disclosure of confidential information to persons not authorized to obtain it.

Mrs. Sullivan was instrumental in the enactment of the legislation.

Edward Herbert, senior vice president at First National, Montgomery, Ala., discussed the act at the bank's 25th annual bank forum, held recently. He said that some of the major provisions of the act include a limit to the length of time information can be reported and that users of credit reports are required to give consumers notice of any adverse action taken if the adverse action is related to a credit report. When adverse information is obtained from sources other than a credit bureau, the consumer must be notified if adverse action is taken and he must be advised of his right of access to this information. If users of the information report anything other than their own ledger experience, they stand a chance of being classified as a credit reporting agency.

## S&Ls' 'Third-Party-Payment' Privilege Considerably Reduced by FHLBB

"NOW WE have it; now we don't." This might well be the refrain of federal S&Ls as the result of the announcement last month that the so-called "third-party-payment" privilege recently granted them was being substantially reduced.

Last September 14, the Federal Home Loan Bank Board gave its members the power to offer certain family bill-paying services. Under the regulation—granted to the FHLBB by the Housing Act of 1968—an S&L saver could submit a schedule of all his regular monthly bills to the S&L and direct that payments be made from his account.

However, last month the FHLBB formally published in the Federal Register a final amendment limiting the service to payments for "housing and housing-related items," such as mortgages, rent, utility bills and major furnishings and appliances. The reduced privileges for the S&Ls are going into effect January 11 without the usual prior publication in proposed form, the FHLBB said, to avoid "confusion to the public" that could arise if many S&Ls would start offering more sweeping payment services out of interest-earning savings accounts.

According to Norman Strunk, executive vice president of the U. S. Savings & Loan League, the effect of the latest ruling is to "virtually rescind" the regulation of last September. Mr. Strunk and his Chicago-based trade group are particularly upset because the latter organization recently sent its members detailed advice on how to set up such plans on a basis broad enough to handle almost any payment a family might otherwise make through a bank checking account. These payments might have included payments of bills from department stores, other merchants, doctors, etc.

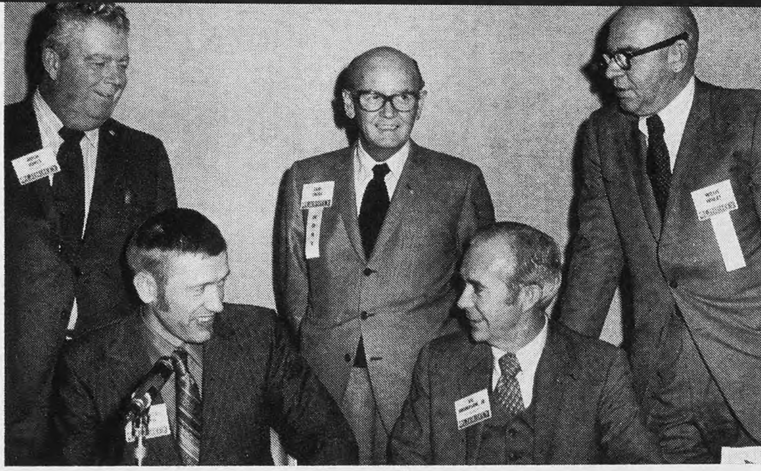
Mr. Strunk said the FHLBB issued the new bill-paying regulation as the result of a lot of pressure from the commercial banking field and "the unhappiness of at least some members of the Federal Reserve Board."

As far as commercial bankers themselves are concerned, they are, of course, happy to see the early regulation narrowed. But some banking leaders maintain that the FHLBB didn't retreat enough and that even the revised regulation gives S&Ls an important competitive boost in the fight for savers' money.

It's believed that bank lobbies probably will keep up the pressure on the FHLBB by continuing to insist that federal bank supervisory authorities give commercial banks some rights to pay checks out of interest-bearing bank accounts.

Washington observers believe the issue will be brought before the new Congress, which will consider legislation intended to give thrift institutions checking-account privileges. • •


BANK OF ROANOKE



Principals in agricultural session about to go into action at Liberty Nat'l of Oklahoma City's correspondent conference. Standing in center, Earl Sneed, Liberty exec. v.p. and newly named Liberty's vice ch. of bd. & pres., Liberty Nat'l Corp., who introduced the panel; at right, Willis Wheat, sr. v.p., moderator; on left is Hugh Jones, exec. v.p., Bank of Woodward, panelist; seated, Dr. Luther Tweeten, professor of agriculture economics, Oklahoma State U., speaker, and Vic Thompson, panelist. Mr. Thompson is pres., First Nat'l, Stillwater, and newly elected pres., Utica Square Nat'l, Tulsa.

From l.: Jerry Marshall, who advanced from exec. v.p. to pres., Liberty Nat'l Jan. 1; Dr. Luther Tweeten, agriculture session speaker; and Dr. Otis Maxfield, luncheon speaker, get together at conference.

### *Liberty National, Oklahoma City, Holds Correspondent Conference to Analyze*

# 'Which Way the Seventies?'

**By HAROLD R. COLBERT, President, Commerce Publishing Co.**

THE AMERICAN economy is at a crossroads. We have been assuming we could have a growing economy with governmental action preventing high unemployment while keeping inflation at a minimal level.

Based on the efficiency that stems from our broad domestic markets, our open society of entrepreneurship and large stocks of capital, we've pushed to abolish the business cycle—stimulating the economy with new spending increases and tax cuts whenever unemployment rose or operating rates fell.

Continuation of this policy during the Vietnam war while it caused a $26 billion deficit in the federal budget was the final blow to the stability of the dollar. Then we realized that if we were to have an economy that did not suffer continuous and serious inflation, some decline in business activity and employment levels would be necessary. Continually pushing for higher economic levels without ever letting the economy slip back finally caused the prime level to rise to a level that could well have caused a boom-and-bust business cycle to develop.

So we went to a policy of restraint that witnessed a major cutback in government spending for military facilities, restrained fiscal policy and the tightest monetary policy in over a century.

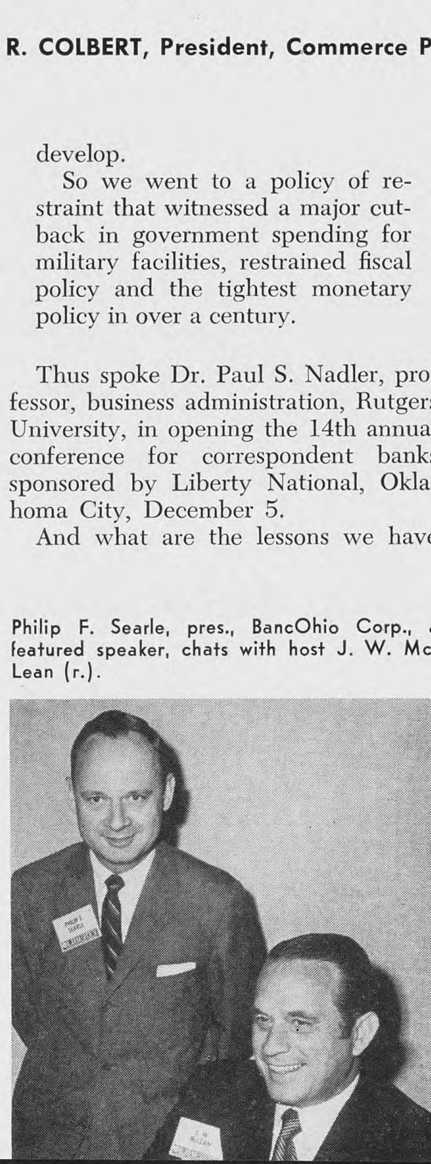
Thus spoke Dr. Paul S. Nadler, professor, business administration, Rutgers University, in opening the 14th annual conference for correspondent banks sponsored by Liberty National, Oklahoma City, December 5.

And what are the lessons we have learned in recent months?

According to Dr. Nadler, who pours out his economic views with an always interesting and often humorous brand of forthrightness, we have learned that inflationary pressures kindled in the late '60s cannot be dampened as quickly as we thought. Although the restraints have brought operating rates of American business down to about 75% of capacity and unemployment has risen above 5.6%, inflation has by no means been brought under control. Now the U. S. faces the dilemma of fighting inflation and unemployment at the same time. As we approach the task certain points loom up:

- We can't completely stop the rise in cost of living because we have become largely a service-consuming nation. Four out of five jobs created in the '60s were in services rather than goods production. Services are hard to automate. Thus, even if general inflation is brought under control, we will see a continued rise in the cost of living because of the greater emphasis on services.
- Recent union wage increases are not typical. Only 25% of all workers are unionized. Of those unionized, many don't get the generous settlements seen in construction, trucking, the automo-

Philip F. Searle, pres., BancOhio Corp., a featured speaker, chats with host J. W. McLean (r.).



Dr. Paul S. Nadler (l.), keynote speaker, talks with Louis F. Danforth, sr. v.p. and sr. economist, Liberty Nat'l.

bile industry and the like. Much of American labor is just trying to catch up with cost-of-living increases.

• Restraints imposed on the economy in 1969 and 1970 are helping cure inflation. Price increases that exceeded 6% in 1969 are down to about 4%, although inflation psychology remains strong and price pressures take longer to soften than hoped for.

For both political and economic reasons the present level of unemployment and unused capacity cannot be tolerated. Therefore the main aim of the Administration's economic policy from now until mid-1972 will be to reduce unemployment below 4½%, even if the battle to hold inflation must be given less emphasis.

The U. S., according to the economist, now recognizes it cannot have both full employment and a stable dollar. The lesson learned from results of the 1970 election year is that if the U. S. must choose between full employment and a stable dollar at the present time, the public will go for full employment.

What does this pattern forebode? Interest rates, in the opinion of Dr. Nadler, will fall further in the next few months, but the long-run trend will be for the cost of money to remain, in the decade of the '70s, well above the levels considered normal in the '60s. The U. S. appears to have accepted more inflation as part of its way of life.

And so began a full day of "schooling" for some 600 bankers attending Liberty National's conference to discuss "Which Way the Seventies?" Sessions were presided over by J. W. McLean, president (and chairman-elect until January 1, when he assumed the chairman of the board title, succeeding Harvey Everest, who moved to honorary chairman). William P. Dowling, senior vice president and head of Liberty's Southwestern Division, also played a leading role in the day-long program.

After Dr. Nadler's broad overview the sessions got down to specific banking topics. Philip F. Searle, president, BancOhio Corporation, Columbus, discussed "Which Way Banking?" He discussed long-range and short-range changes that are likely to take place in banking in the decade. He pointed out that studies reveal that Oklahoma banks enjoy a number of operating advantages over the average of the other commercial banks in the nation. Among the advantages: more than average liquidity; a favorable 56.1% of deposits in demand deposits; an average rate of return on loans in excess of 8¼%, as compared with a national average of 7½%; and a relatively attractive "cost of deposits" compared to the national average.

But among the challenges that will affect bank performance and decision-making processes of bank managements in the '70s, Mr. Searle cited: broadened and intensified competition, especially from sources outside what has traditionally been the commercial banking system; ongoing change in the nation's systems of payment; a heightened complexity of the banking technology; a changed liability mix in commercial banks; problems with the image of commercial banking; people-management problems; the adverse effect of these trends and influences on bank earnings.

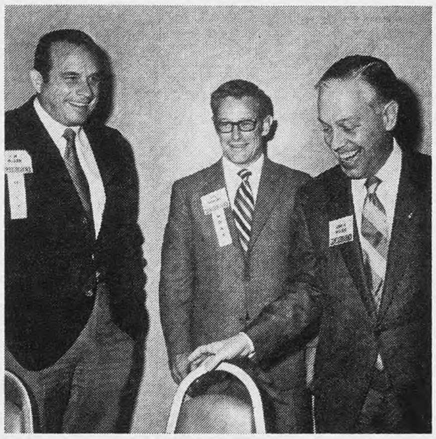
John R. Walker, vice president, Fort Worth National, discussed "Which Way Service Charges?"

Mr. Walker reported Fort Worth National's service charge income is up 35% over the same period a year earlier. Its plan, which emphasizes simplicity and certainty, is based on no charge if the minimum balance does not go below a given amount. Activity charges were increased through larger per-item charges or flat charges for various activities. While $250 is the basic minimum balance, there is an alternate criterion: $500 average balance.

At left, Harold Nelson, Dallas, who heads Royal Bank of Canada's activities in southwestern states, chats with Earl Sneed about Liberty's increasing international banking activities.

In a panel on agriculture Dr. Luther Tweeten, professor of agriculture economics, Oklahoma State University, predicted for agriculture in the '70s a 2% annual growth rate in demand for farm output; a 1% per year increase in productivity; a continued cost price squeeze with about 3% inflation in prices paid by farmers and no offsetting demand factors to raise significantly the prices received by farmers.

For Oklahoma the professor foresees a major shift from crops to livestock, with the shift calling for an increase in non-real estate relative to real estate capital and credit. Livestock operation also will require more sophisticated management and will provide more opportunities for factory-type operation. As livestock grows relative to crop production, more crop land will divert to pasture, with pasture improvement programs growing in importance.



On left, J. W. McLean, as of Jan. 1 promoted from pres. & CEO to ch. & CEO of Liberty, laughs with W. P. Dowling, sr. v.p. and head of Liberty's southwestern div., and John R. Walker, Fort Worth Nat'l v.p., who spoke on service charges.

Professor Tweeten expects farms to get larger and fewer in number, their managers, on the average, to be better educated with an average age to be younger than at present.

A panel moderated by Willis Wheat, Liberty senior vice president, with Vic Thompson, president First National, Stillwater, and newly elected president of Utica Square National, Tulsa, and Hugh C. Jones, executive vice president, Bank of Woodward, and former OBA president, as panelists, fielded questions from the floor and responded to Dr. Tweeten's comments.

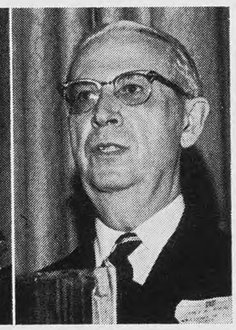
December 5 being the day of the big football game between Arkansas and Texas, the program scheduled an interlude for a TV party to find out "Which Way Arkansas-Texas?" Texas provided that answer as effectively as Liberty provided the answer to a good many pertinent questions about the economy, banking and the world in the '70s. • •

# Manufacturers Hanover Holds Business Conference

This photo shows portion of 800 bankers and corporate financial executives who attended Manufacturers Hanover Trust's business conference December 4.

NEW YORK—More than 800 bankers and corporate financial executives attended Manufacturers Hanover Trust's business conference December 4. Some of the material discussed at the conference appears elsewhere in this issue.

MARTIN

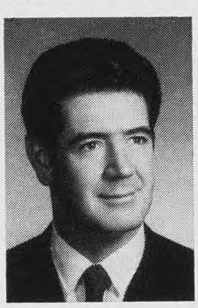


ROCHE

Topics and speakers included: "Business and Financial Outlook," Tilford C. Gaines, vice president and economist of the host bank; "Environmental Control: What Will It Cost and How Will We Pay For It?," Russell E. Train, chairman, President's Council on Environmental Quality; "An Automobile Man Looks Ahead," James M. Roche, chairman, General Motors Corp.; "Post-Election Appraisal," James Reston, New York *Times;* "International Banking: Appraisal and Outlook," John A. Waage, senior vice president, Manufacturers Hanover, and Evelyn R. A. de Rothschild, partner, N. M. Rothschild & Sons, London; and "Reflections of an Erstwhile Banker," William McChesney Martin Jr., former chairman, Federal Reserve Board.

### Carlyle Receives Promotion At Manufacturers National

DETROIT—Alastair Carlyle recently was named vice president of administration at Manufacturers National. He is responsible for the bank's systems, data processing and corporate services departments. Mr. Carlyle came to the bank in 1957 from Bank of Scotland in Glasgow.



CARLYLE

Named vice presidents at Manufacturers National were John T. Cannis, James A. Davies, Gerald R. Hansen, Kenneth A. Hoeft, Robert J. Korff, Robert E. Laurion, Gerald V. MacDonald, Daniel E. MacDougall, Michael T. Monahan, Arthur L. Morrison, Romeo Sancricca and Wilson N. Yanick.

Promoted to second vice presidents were Ernest E. Anderson, Alan G. Bradford, Robert W. Brummeler, Don E. Coleman, Thomas A. Collins, John G. Fuller, Norman J. Gawlik, Leonard J. Hall, Donald G. Hooper, Albert T. Jurkiewicz, Gabriel Locher, William J. MacAdam, Robert J. Shade, Miss Erma L. Smith, Louis E. Wall and Miss Lillian I. Watson.

### Central Nat'l Corp. to Acquire Subsidiary of Bank of Indiana

CHICAGO—Central National Chicago Corp., holding company of Central National Bank, recently announced that it will acquire Rawleigh, Moses & Co., Inc. The company is a wholly owned subsidiary of Bank of Indiana, Gary.

Rawleigh, Moses & Co. offers a commercial factoring service to companies in a 15-state market area, principally in the Midwest, South and Southeast. It is oriented to furniture and needlecraft industries.

### Insurance Company Is Subsidiary Of Fourth Financial Corp.

WICHITA—Fourth Financial Corp., Fourth National's one-bank holding company, recently announced formation of a new wholly owned subsidiary, the Fourth Financial Insurance Co.

Officials said the new insurance firm will engage in underwriting life and disability insurance in connection with credit and financial transactions.

President of the new insurance company is James R. Boyd. Vice presidents elected were Harry A. Funke Jr., Glenn E. Russell and Robert W. Asmann. Herman W. Smith was named secretary and Leland F. Cox was elected treasurer.

### First National, Atlanta, Elects Eight New Vice Presidents

ATLANTA—First National recently elected eight new vice presidents. They are Joe E. Beverly, Robert D. Bishop, W. Ray Dowling Jr. and James P. Steele III, all of the banking department; John H. Soper II, J. Watson Busby and Julian L. Mason III, administration department; and George J. Giuliani, international department.




BISHOP BUSBY SOPER DOWLING




STEELE BEVERLY MASON GIULIANI

In the banking department, James R. Stewart was elected second vice president. Named assistant vice presidents were W. V. Austin, Kenneth S. Edmonds Jr., Edward J. Hauschild, Clifford L. Hornsby Jr., Thomas C. Kelly, Mark A. Mattison, William R. Minnich Jr. and N. Philip Swentzel.

Also named assistant vice presidents were: Roland O. Downing, First Bank Building Corp.; and Robert H. Bowen Jr., administration department.

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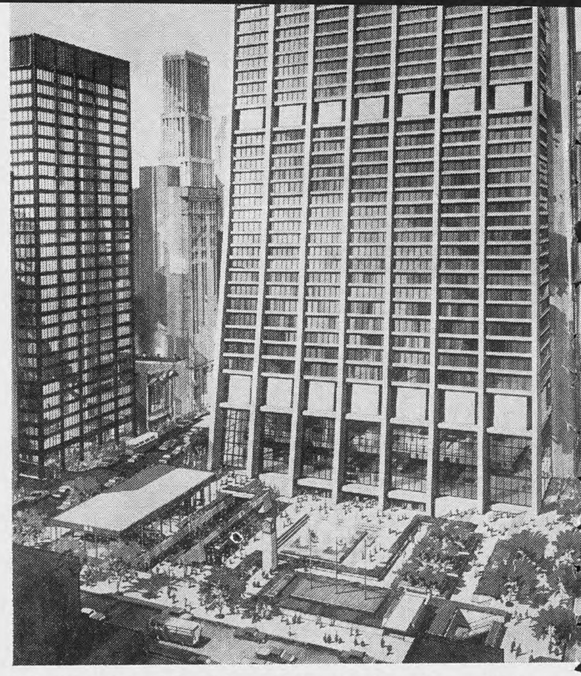
AS IT WAS—Old First Nat'l of Chicago building, city landmark for 67 years (shown here in 1953 photo), is now down to ground level in demolition. Bank's new First National Plaza will replace old structure and is scheduled for completion in 1972.



AS IT WILL BE—This artist's drawing shows First Nat'l Plaza as it will look when completed in 1972. Bank's two new buildings are shown at rear and at left across Clark Street.

# First of Chicago Announces Plans for Plaza, Completes Second Building in 18 Months

TWO MILESTONES were reached last month by Chicago's First National. The bank completed plans for a $25-million landscaped plaza and also opened its 30-story Two First National Plaza building, the second major structure in the new First National Plaza development in Chicago's Loop.

The plaza will be located on the south half of the block bounded by Madison, Monroe, Dearborn and Clark streets and will adjoin the bank's 60-story skyscraper on the north half of the block. The plaza is scheduled for completion in late 1972. Foundation work began last month as demolition of the old 18-story First National building on the site neared ground level. The latter structure had been a Chicago landmark since 1903.

The plaza, to be a five-level development, will include a small personal banking center on the southwest corner, an arcade of specialty shops, a restaurant, fountain, trees and flowers, plus a large meeting room, underground parking and additional space for bank activities.

The plaza will be designed to set off the bank building with more than an acre of park-like open space for sunshine, trees, benches, terraces, plants and flowers, according to Robertson H. Short Jr., vice president of First National's bank building division. Broad steps leading from the street down one flight to the plaza level will provide access to the plaza level of the bank and the various facilities planned.

The granite surface of the plaza level will be snow-melted and match the pearl-grey granite of the bank building. The entire area will be bordered by more than 50 trees on the street level.

The first two levels underneath the plaza will accommodate parking facilities and a 500-seat meeting room, equipped for color TV reception of commercial programs or video tapes from the bank's TV studio. The room will be suitable for stockholders' meetings, seminars and similar gatherings. Steps, elevator or escalator will provide access from the plaza level. The parking area will be reached by a ramp south of the Two First National Plaza building across Clark Street. The lower two levels will provide additional space for the bank's vault, clearing and lock box operations. No public access will be provided for these areas. A 7,000-square-foot personal banking center will be located on the southwest corner of the street level. The restaurant, on the plaza level, will consist of three separate dining facilities.

The 45-square-foot fountain will be made up of nine water columns, each six feet square with a maximum height of 18 feet. Underwater lights will illuminate the fountain and the south side of the bank building.

A granite clock tower will rise 27 feet from street level midway between Clark and Dearborn streets. The clock is being built out of the two big three-sided clocks that hung at the corners of the old First National building for 63 years.

**New Building Opened.** The Two First National Plaza building that opened last month is located across Clark Street from the 60-story bank building, which opened in May, 1969. The new, 418-foot-high office building is made of dark brown finished steel and bronzed glass. Bank offices occupy the 10 lower floors, with the upper floors rented to tenants. An underground pedestrian mall connects this structure with the bank building, and another will link it to the plaza. • •

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# Illinois News

## American National Announces Top-Management Promotions

CHICAGO—American National recently made major changes in its top-management echelon and promoted several officers.



FRANK CAMPBELL SMITH

Elected new administrative vice presidents were: Malcolm N. Smith, who also was named cashier and who has responsibility for comptroller, auditing and trust operations; Ira Frank Jr., who is responsible for communications, business development and stockholder relations; and Gordon W. Campbell, who shares responsibility for the trust department with Howard Johnson, executive vice president.

E. Wood Stevens, former vice president and comptroller, was elected senior vice president and Ronald J. Grayheck was named group vice president, commercial loan division.

Three officers in the bank's loan divisions were promoted from second vice presidents to vice presidents. They are Dennis A. O'Neal, Richard M. Schwartz and Robert S. Engleman.

Also elected vice presidents were: Perry G. Callas, corporate trust division; Robert A. Janoski, trust business development division; and Thomas P. Michaels, personal trust division. Alberta I. Wuerfele was named the bank's comptroller.

## Large Sells Controlling Interest In First Trust, Taylorville

TAYLORVILLE—Gilbert H. Large, chairman, First Trust, recently announced the sale of his controlling interest in the bank to three local businessmen. They are B. C. Hopper and his sons, William B. Hopper and Frederick C. Hopper.

Mr. Large also announced his retirement as chairman of First Trust. He was elected a director in 1951 and president of the bank in 1956.

## Lawndale Trust of Chicago Receives State Charter

CHICAGO—Roland W. Blaha, state bank commissioner, and Bernard Rabens, chief bank examiner for Illinois, recently presented a state charter to Lawndale Trust. Founded in 1904, the bank is said to be the largest one in the history of Illinois to convert from a national charter to a state charter.

Accepting the charter for Lawndale Trust was Urban F. Myers, executive vice president and managing director. Before joining Lawndale Trust, Mr. Myers was a vice president at both Drovers National and Michigan Avenue National. Previously, he was assistant vice president in the correspondent department of Mercantile Trust, St. Louis.

Attending the presentation of Lawndale Trust's new state charter were: Roland W. Blaha (seated l.), state bank commissioner; Urban F. Myers (seated r.), exec. v.p. and managing dir. of the bank; (standing from l.) Bernard Rabens, Illinois chief bank examiner; and directors, Morton Freed, ch., Raymond J. Allen, Joseph O. Kostner, Vaclav Pletka and Richard J. Fencl.

## Leech Retires from Bank

CHICAGO—James A. Leech, second vice president, Continental Bank, has retired after more than 41 years with the bank.

He joined the bank as a clerk in 1929, was elected assistant secretary in the stock transfer division in 1956, trust officer in 1964 and second vice president in 1969.

■ SHAREHOLDERS of Chicago's National Boulevard Bank will vote January 12 on a proposed one-for-six stock dividend that would boost capital from $3 million to $3.5 million. The bank also plans to transfer $500,000 from undivided profits to surplus, bringing the latter amount to $7.5 million.

## Marion Bocach Named 2nd VP At Central Nat'l, Chicago

CHICAGO—Miss Marion Bocach, a member of the correspondent banking department at Central National, has been elected second vice president. She is the only woman to hold this title at the bank. Two other women have been promoted at Central National—the Misses Angela Rinaldi and Carla Zoe Pierson were made assistant cashiers.

BOCACH

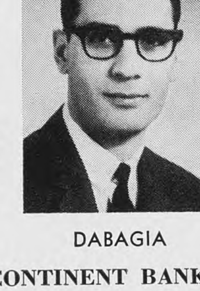
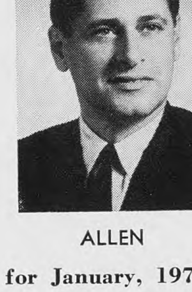
Miss Bocach joined the bank in 1951 as a commercial teller, was transferred to the tabulating department in 1954 and in 1957 to the mortgage loan division, where she became supervisor of mortgage operations. She was made an assistant cashier in 1964 and joined the correspondent and agricultural banking division in 1967. In 1968, the bank was reorganized, and Miss Bocach was assigned to the metropolitan division of the correspondent and agricultural banking department.

Miss Rinaldi joined Central National 23 years ago and is in the commercial loan division. Miss Pierson has been with the bank since 1967 and is manager of the Young Chicagoans Club.

## New Appointments Made At Northern Trust

CHICAGO—Northern Trust recently announced five promotions and five new appointments. Named vice presidents were Roger A. Allen, systems and planning department, and Robert C. Dabagia, trust department.

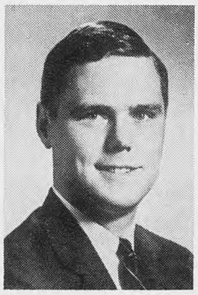
Elected second vice presidents in the trust department were M. Scott Bromwell Jr., Kurt A. Carlisle and John M. Hladky. Promoted to assistant secretaries in the trust department were H. Joseph Bourn, Louis Giblin, William P. Huenefeld, Miss Bernice MacDonald and Jon A. Veeder.

DABAGIA ALLEN

## Three Vice Presidents Named At Northern Trust, Chicago

CHICAGO—Northern Trust recently announced several promotions and new appointments in the banking department.



ALBERTSON

Promoted to vice presidents were: David E. Albertson, middle states division, which includes Indiana, Kentucky, Tennessee, Mississippi and Alabama; H. Grant Clark Jr., division three; and Earl T. Winters, international banking division.

WINTERS

CLARK

P. Boyd Hales was promoted to second vice president, international division. Named assistant cashiers were: Dennis Biggerstaff, savings; Thomas A. Fitzsimmons, bank and corporate services; Gardiner Van Ness III, division four, section B; and Miss Mary Whaley, division four, section A.

## Farm Management Firm Affiliated With Millikin Nat'l, Decatur

DECATUR—Ray G. Livasy, president, Millikin National, and C. M. Cassity, president, Decatur Farm Management, Inc., recently announced an affiliation agreement of their organizations.

The professional staff of Decatur Farm Management, Inc., will assume official duties in Millikin National's farm management department. The new members of the department are: Mr. Cassity, vice president and manager; Robert Hance, assistant vice president and assistant manager; and Robert Lienhart, farm manager.

They will join the bank's present farm management staff, which includes Douglas K. Stollard, farm manager and assistant trust officer, and Michael J. McClure, assistant farm manager.

■ FRANK KESSEL recently joined Republic Bank, Chicago, as installment loan officer. Previously, Mr. Kessel was with Chicago City Bank.

## Smart Move at Millikin National

M. L. Smart (l.) was the first person on December 14 to enter the new building of Millikin National, Decatur, and was awarded a $25 savings bond. Making the presentation is Ray G. Livasy, pres. Mr. Smart came to the bank to buy his Illinois automobile license plates.

## Sheridan Bank Remodels Building

PEORIA—Sheridan Bank recently completed a remodeling project which resulted in 50% more space for the bank building. Included in the remodeling was the installation of three new inside walk-up teller windows and visual drive-in windows.

An employees' lounge and directors' room are located on the second floor and a conference room, coupon booths and an enlarged vault are among new facilities on the main floor.

## Errett Van Nice Dies; Was Harris Trust Sr. VP

CHICAGO—Errett Van Nice, 62, senior vice president, Harris Trust, died of leukemia on December 9.

VAN NICE

Mr. Van Nice began his career at the bank in the messenger department in 1932. He was elected assistant cashier in 1939, assistant vice president in 1945, vice president in 1949 and senior vice president in 1961. He became department executive in charge of the banking department in 1968.

## Blaha Elected NASSB Director

Roland W. Blaha, Illinois commissioner of banks, has been elected a director of the National Association of Supervisors of State Banks for 1971, beginning next April.

Mr. Blaha first served as commissioner from August, 1959 until March, 1962. He then became executive vice president of the Illinois Bankers Association. His current tenure began January 1, 1967.

## Raymond George Elected Sr. VP At Northern Trust, Chicago

CHICAGO—Northern Trust recently promoted Raymond E. George to senior vice president, personal trust division.

GEORGE

Named second vice presidents in the bond department were Paul D. Benda, government trading division; Paul J. Dillon Jr., municipal trading division; E. Thomas Galezio Jr., money market division; and John A. Shea Jr., retail sales division. Frank Fischer Jr. was named second vice president, general accounting division, administrative department.

Cecil D. Bobey was appointed assistant manager, profit planning division, administrative department.

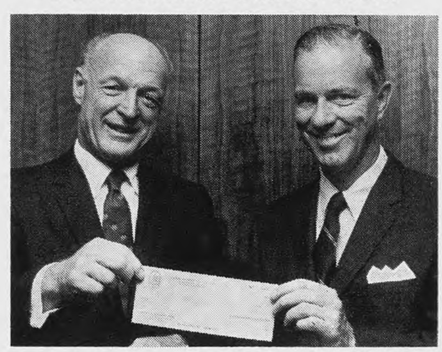
## Illinois Bankers School Reappoints Trustees

Five bankers have been reappointed trustees of the Illinois Bankers School for terms ending November 1, 1971.

Continuing as chairman of the board of trustees is Clarence J. Lehecka, senior vice president, Merchandise National, Chicago. Continuing on the board are: George Aderton, president, Citizens State, Mount Morris; Donald M. Carlson, president, Elmhurst National; Laurence Henning, president, Yorkville National; and Thomas M. Rochford, president, Bank of Illinois, Champaign.

■ CHARLES P. SCHMID, vice president, Argo State, Summit, recently was elected a director of the bank.

## Illinois Bankers Donate Check



Fred W. Heitmann Jr. (l.), pres., Northwest National, Chicago, and pres. of the Illinois Bankers Association, presents a check for $18,000 on behalf of the IBA to Charles L. Brown, ch. of the governing board of the Illinois Council on Economic Education. The council is comprised of leading educators and volunteer businessmen and is dedicated to the improvement of economic literacy in primary, secondary and college and university education.

# Indiana News

## American Fletcher National Announces Promotions

INDIANAPOLIS—American Fletcher National recently promoted four officers and named one new officer and one director.

Walter W. Ogilvie Jr. was promoted to senior vice president and controller. New vice presidents are George R. Hull, international division, and William T. Kelsey, national division. William A. Rudolph was named vice president and trust officer and Charles E. Johnston was elected management engineering officer. Barton Kreuzer, executive vice president, consumer electronics, RCA Corp., was elected a director of American Fletcher National.

Walter W. Ogilvie Jr. came to the bank as vice president and controller in 1967. Mr. Hull joined the bank in 1963, was elected assistant cashier in the international division in 1965 and assistant vice president in 1967.

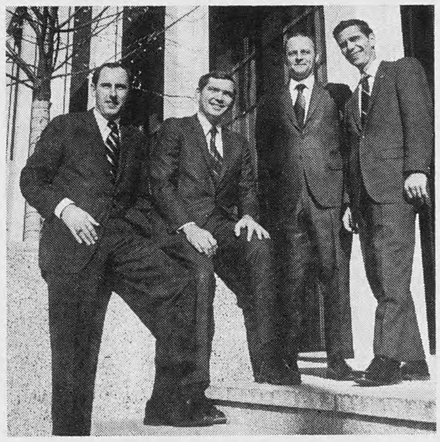
Mr. Kelsey, who came to American Fletcher in 1964, was elected assistant cashier in 1967 and assistant vice president in 1969. Mr. Rudolph came to the bank in 1962 as a tax account administrator. He was elected assistant trust officer in 1966 and assistant vice president and trust officer in 1967. Charles E. Johnston joined American Fletcher last March in the finance and profit planning division.

■ THOMAS MARCUCCILLI recently was elected chairman, Citizens National Bank of Grant County, Marion. Raymond Florea was elected president and a director and Robert Marcuccilli, vice president, also was named a director.

■ HOOSIER STATE, Hammond, recently named John F. Wilhelm chairman and Robert E. Wilhelm vice chairman. Clement A. Gargula was named president. John Wilhelm had been acting as president since the bank was organized in 1944. Until their recent promotions, Robert Wilhelm was senior vice president and trust officer and Mr. Gargula was executive vice president.

■ IRWIN UNION BANK, Columbus, is constructing a 44,000-square-foot addition to its Fifth and Washington Streets Office. The construction, which is expected to be completed in mid-1972, will more than double the bank's space at the downtown location.

## Indiana National Names 4 VPs



Indiana National, Indianapolis, recently elected four new vice presidents. They are: (from l.) Herbert D. Biddle Jr., head of the probate section, trust department; John L. Gigerich, head of information services; William B. French Jr., head of trust administration services; and James J. Kornmann, officer in charge of BankAmericard Center. In addition, Joseph M. Lay, formerly v.p. in charge of information services, was named v.p. and auditor and head of the auditing department.

## R. Emmett O'Connor Retires From Old National, Evansville

EVANSVILLE—R. Emmett O'Connor, executive vice president, Old National, recently retired after almost 27 years of service.

O'CONNOR

Mr. O'Connor joined the bank as auditor in 1943, was elected assistant cashier in 1946, assistant vice president in 1950, vice president in 1952, secretary to the board in 1962 and executive vice president in 1966.

During much of his career with the bank, Mr. O'Connor was in charge of the consumer credit department as well as the bank's general operations.

■ CALUMET NATIONAL, Hammond, recently promoted Robert L. Delzer, data processing manager, to vice president. Mr. Delzer joined the bank in 1964, was elected assistant cashier in 1965 and assistant vice president in 1966.

■ AMERICAN FLETCHER NATIONAL, Indianapolis, recently held groundbreaking ceremonies for its operations center expansion project. The new facility will add 114,775 square feet to the operations center and is expected to be completed in 1972.

## Melchior Celebrates 50 Years With Dubois County Bank

JASPER—Dubois County Bank recently honored Hugo Melchior, senior vice president, for completing 50 years of service to the bank. At a dinner-dance held by the bank, he was presented with a plaque from the bank staff and with a 50-Year Banker pin and letter of congratulations from the Indiana Bankers Association.

Mr. Melchior has been senior vice president for the past four years.

■ JEROME B. KEARNS recently was elected an executive vice president, St. Joseph Bank, South Bend. Mr. Kearns is head of the bank's commercial division and is chairman of the policy and practices committee. He joined St. Joseph Bank in 1964 and previously was associated with National Bank of Detroit.

■ BENJAMIN N. JOHNSON recently retired as consultant to Second National, Richmond. However, he will remain an active director of the bank. Mr. Johnson was elected a director in 1933 and vice president of the bank in 1953. He was named president in 1958, chairman in 1959 and consultant in 1962.

■ WARREN E. RAIRDEN recently was elected travel services officer, American Fletcher National, Indianapolis. Mr. Rairden joined the bank in November as manager of the travel department.

■ ST. JOSEPH VALLEY BANK, Elkhart, recently made the following promotions: Glen R. Stump, assistant vice president; G. Thomas France, assistant trust officer; Charles R. Phillips Jr., operations auditor; Wayne R. Scheumann, assistant auditor; Jerome M. Rohyans, manager, industrial systems; and Olen Anglin, assistant manager, Nappanee Branch.

■ DANIEL P. MORSE recently joined First Bank, Indianapolis and Speedway, as director of public relations and advertising.

■ MERCHANTS NATIONAL, Indianapolis, recently opened its 35th banking office. James I. MacKay was named manager of the new office, which is on Meridian Street. Previously, Mr. MacKay was assistant cashier, Devington Office.

■ KENNETH D. HAWKS has been promoted to assistant vice president and manager of the installment loan division, retail banking department, National City Bank, Evansville. Mr. Hawks joined the bank in 1969 with more than 17 years' experience in banking and lending.

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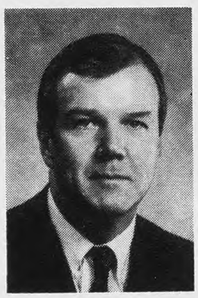
# Kentucky News

## Louisville Trust Promotes Correspondent Banker

LOUISVILLE—Louisville Trust recently promoted Frank J. Nichols to senior vice president and head of the correspondent banking department. Mr. Nichols joined the bank in 1962 as assistant treasurer in the correspondent bank division. He was elected assistant vice president in 1965 and vice president in 1967. He was a state bank examiner from 1956 to 1962.

NICHOLS



BURKE

Richard T. Burke was elected vice president of marketing. Before joining Louisville Trust, Mr. Burke was with Chemetron Corp.

Owen E. Bennett, manager, Highland Branch, was promoted to vice president. Mr. Bennett joined the bank in 1954 and was appointed branch manager in 1957.

## Citizens Fidelity Begins Program Of Financial Aid to Education

LOUISVILLE—Citizens Fidelity recently announced a "Matching Gifts" program of financial aid to education for its employees. The bank will match in equal amounts the personal gifts of staff members to colleges, universities and secondary schools.

The maximum contribution by the bank in matching an individual's gift may not exceed $500 in any one calendar year. The minimum matching contribution will be $10.

Any employee who has been with the bank for at least three months on a full-time basis may designate any college or university granting a two- or four-year degree or any public or private secondary school as the recipient. The employee need not have attended the school to which he is contributing.

## Citizens Fidelity Assigns Irwin To Correspondent Department

LOUISVILLE—Thomas K. Irwin, vice president, Citizens Fidelity, has been assigned to the correspondent bank division to work in industrial and commercial development. He will contact industrial firms interested in plant locations in correspondent areas served by Citizens Fidelity.

IRWIN

Mr. Irwin, who has been with the bank eight years, formerly was in the marketing department. He has 15 years of experience in the industrial and commercial development field.

## Bank of Somerset Opens

SOMERSET—The new Bank of Somerset recently opened in its $200,000 building. Officers of the new bank are: Clellan Prewitt, president; Coey Prichard, executive vice president; Linville Tarter, vice president and secretary; Barnett Eldridge, vice president and treasurer; and Hogan Teater, vice president. The bank was capitalized at $500,000.

■ ISAAC MILBURN, cashier, Old Bank, Perryville, recently was promoted to executive vice president. He fills the vacancy created by the resignation of Brisco White, who has served more than 51 years with the bank. Mr. White's son, Allen Brisco White, was elected cashier.

■ FIRST NATIONAL, Louisville, recently opened its 30th branch, the Fern Valley Road Office. The 2,900-square-foot branch has four drive-up windows. Robert E. Cline, former manager of the Okolona Branch, has been named manager of the new office. Richard J. Westenhofer Jr. was elected manager, Okolona Branch.

■ HARRY LEE SMITH, assistant cashier, recently was named public relations officer, Citizens Fidelity, Louisville. He will handle public press relations and will edit the bank's internal newspaper in addition to his responsibilities in the marketing department.

## Bank of Cadiz Grand Opening

CADIZ—Bank of Cadiz recently held the grand opening of its new building. The facility has two night depositories and two drive-in windows. A special service window in the vestibule of the bank is used for after-hours transactions.

Features of the bank include a community room, which has lounge and dining areas, a bookkeeping department and eight private offices.

■ CITIZENS BANK, Paducah, recently approved a 50% stock dividend, increasing capital from $1 million to $1.5 million.

■ EARL BOARDMAN recently joined the trust department of Citizens Union National, Lexington, and will be in charge of new business development.

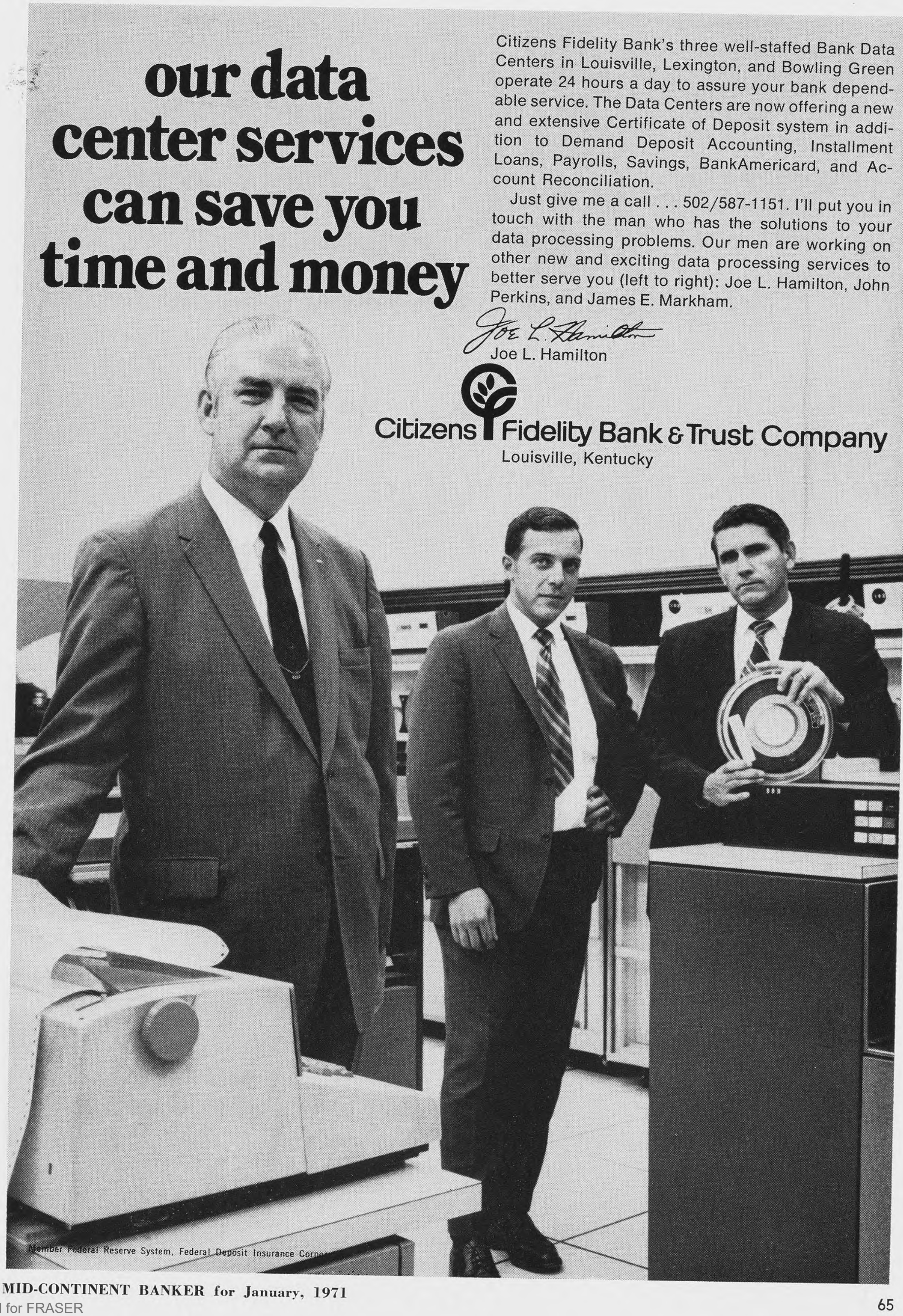
■ LAMONTE HORNBACK, executive vice president and secretary to the board, First-Hardin National, Elizabethtown, recently was elected president. He has been with the bank six years. Mr. Hornback succeeds M. L. Underwood, who was elected chairman and chief executive officer. Mr. Underwood has been with the bank since 1935.

■ OWENSBORO NATIONAL recently made the following promotions: Joe G. Hendricks, assistant vice president of operations; Mervil Phelps, manager of the note department; and Walter Knott, assistant cashier and head teller at the Main Office.

■ LIBERTY NATIONAL, Louisville, has announced plans to increase capital from $4,250,000 to $5.1 million through a 20% stock dividend. Surplus also is being boosted—from $10,750,000 to $10.9 million.

## Citizens National Plans Building


This artist's drawing shows the new bank building planned for Citizens National, Bowling Green. The three-floor building will have approximately 38,000 square feet and will have five drive-in windows. Construction will begin next month and is expected to be completed by spring of 1972.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Just give me a call . . . 502/587-1151. I'll put you in touch with the man who has the solutions to your data processing problems. Our men are working on other new and exciting data processing services to better serve you (left to right): Joe L. Hamilton, John Perkins, and James E. Markham.
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Joe L. Hamilton
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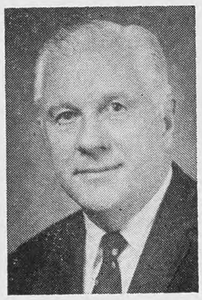
# Tennessee News

## John P. Dulin Appointed Head Of Correspondent Division At First National, Memphis

MEMPHIS—First National recently appointed John P. Dulin, vice president, manager of the correspondent bank division. He succeeds Joe H. Davis Sr., who has joined the executive division in charge of Mid-South-area development and governmental affairs.

DULIN



DAVIS

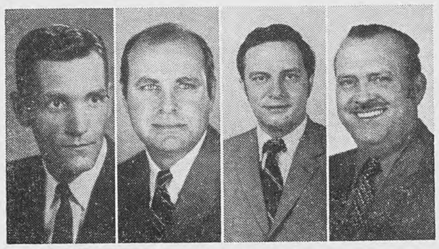
Mr. Dulin previously was division head for Arkansas, Texas and Oklahoma. He joined First National in 1961. He was elected correspondent bank officer in 1964, assistant vice president in 1966 and vice president in 1969.

GOOD

HAAG

In other action, Allen Good and Preston Haag were elected vice presidents in the commodity & international division. Mr. Good joined the bank's management development program in 1960. Mr. Haag joined the bank in 1958 and was promoted to international operations officer in 1966.

Other employees promoted include: Robert H. Stavely, assistant vice president, administrative department of the information systems division; Mrs. Marjorie Wilder Moore, operations officer; James G. Riggan Jr., loan officer; and Norman M. Whitfield, branch officer.



THATCHER NEWMAN NEWBOLD KING

### American Nat'l Promotes King; Names Three Vice Presidents

CHATTANOOGA—American National recently promoted B. L. King, head of the branch banking division, to senior vice president. Mr. King joined the bank in 1954. He served as manager, St. Elmo Branch, for 12 years until his promotion to head of the branch banking division last year.

Frederick O. Newman was elected vice president and trust officer. He specializes in employee benefit planning and administration. Before joining American National in 1968, Mr. Newman was with National Shawmut Bank, Boston.

Promoted to vice presidents were Lewis P. Thatcher Jr., commercial loan division, and Nathan C. Newbold III, consumer division. Mr. Thatcher joined the credit department of American National in 1957. In 1963, he became an assistant vice president in the commercial loan division. Mr. Newbold is in charge of the Master Charge and Bancardchek departments.

Gregory F. Wright was promoted to commercial loan officer. He joined the bank in 1968.

### Ingalls to Head Trust Division Of Tennessee Bankers Assn.

Parker W. Ingalls, vice president and head of the trust department, Pioneer Bank, Chattanooga, recently was elected president of the trust division of the Tennessee Bankers Association.

Other officers elected include: first vice president, William A. Byrn Jr., vice president and trust officer, First American National, Nashville; second vice president, James C. Kennon, vice president and senior trust officer, National Bank of Commerce, Memphis; secretary, Clifton L. Hair Jr., vice president and trust officer, Park National, Knoxville; and treasurer, Ralph M. Killebrew, vice president and senior trust officer, American National, Chattanooga.

### Tennessee Death

W. G. BELEW, 80, president, Citizens Bank, Atwood. Mr. Belew had been in banking since 1927.

### W. P. Grace Retires From Union Planters

MEMPHIS—W. Porter Grace, vice chairman, Union Planters National, recently announced his retirement. He had been with the bank 20 years.

GRACE

Mr. Grace joined Union Planters National in 1950 to organize an industrial development department. He was named executive vice president in 1963 and president in 1968. He became vice chairman in 1969.

■ ALLEN MORGAN, chairman, First National, Memphis, recently was elected a director of Mohasco Industries, Inc.

■ FIRST NATIONAL, Mount Pleasant, recently promoted Jerry Daniel and Marvin Hayes to vice presidents. Mr. Daniel is head of the installment loan division and Mr. Hayes is head of operational affairs. Both men are at the bank's West End Office in Columbia.

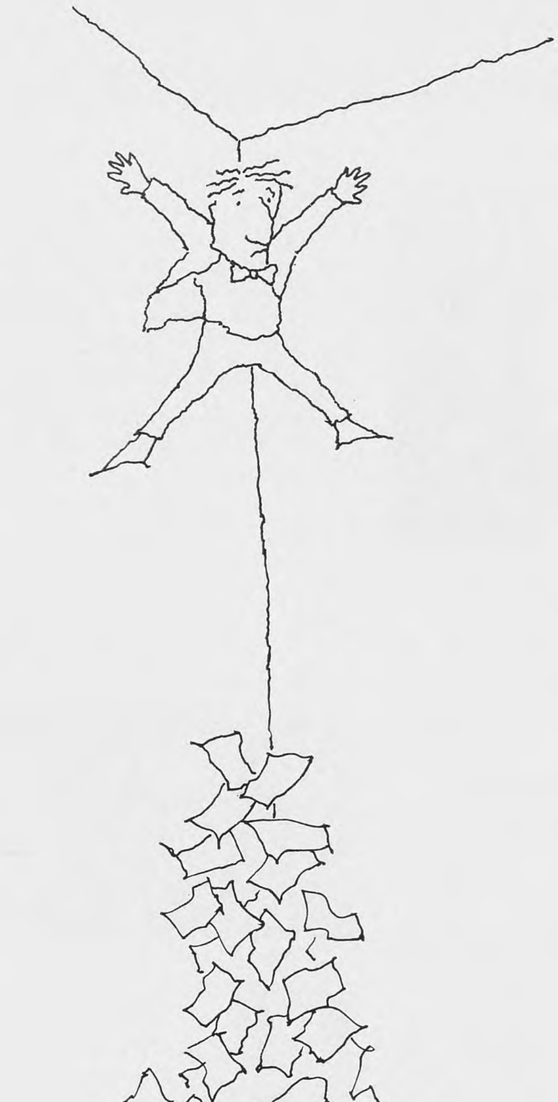
■ S. C. McGREGOR recently was elected president, Citizens Bank, Atwood. He succeeds W. G. Belew, who served as president and a director until his recent death. Mr. McGregor has been with Citizens Bank since 1927.

### Union Bank Opens New Building

PULASKI—Union Bank recently held the formal opening of its new two-story building. The $750,000 facility has 23,424 square feet and features four drive-up windows.

The new building has seven paying and receiving windows, five note windows, a community room and employees lunch room and lounge.

Attending the ribbon-cutting ceremony at the opening of Union Bank's new building were: (from l.) Julian Smith, exec. v.p.; Robert Smith, pres.; J. Roe, ch.; Coleman G. Davis, dir.; Dr. Stacey A. Garner, mayor of Pulaski; Marvin A. Bryan, state superintendent of banks; Mrs. Bryan; and Lambeth Lester, v.p.



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# Alabama News

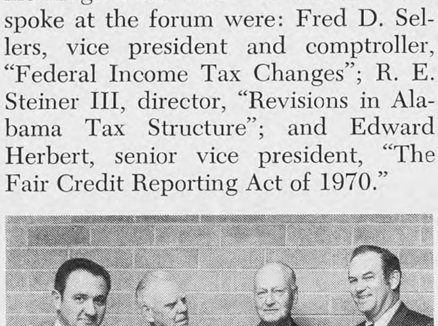
### Faulk Receives Trust Award

Guy Faulk Jr. (r.), exec. v.p. and tr. off., Merchants National, Mobile, recently was named "Outstanding Alabama Trust Officer" at the recent fall trust conference of the Alabama Bankers Association trust division. The award was presented by Albert E. Byrne, v.p. and tr. off., First National, Montgomery, and pres. of the Alabama Bankers trust division.

## First National, Montgomery, Entertains 450 Bankers At 25th Annual Bank Forum

MONTGOMERY—First National entertained more than 450 bankers and their wives at its 25th annual bank forum December 9-10.

The forum opened with a dinner at the Montgomery Country Club and a business session was held the next morning. First National officials who spoke at the forum were: Fred D. Sellers, vice president and comptroller, "Federal Income Tax Changes"; R. E. Steiner III, director, "Revisions in Alabama Tax Structure"; and Edward Herbert, senior vice president, "The Fair Credit Reporting Act of 1970."



Among those who attended First of Montgomery's 25th annual bank forum were: (from l.) J. Allen Reynolds Jr., exec. v.p., First National; S. Wallace Harper, ch. & pres., Robertson Banking Co., Demopolis; John J. Flowers, pres., Dothan Bank; and James S. Gaskell Jr., exec. v.p., First National.

A panel discussion entitled "Hold-Ups, Bomb Threats—Are You Prepared?" was moderated by Daniel G. Miles, senior vice president, First National. Appearing on the panel with case histories were Carl Barker, chairman and president, Bank of Eclectic; Thomas A. Black, president, Peoples Exchange, Beatrice; and Philip Gipson, assistant cashier and manager, Southeastern Branch, First National.

Frank A. Plummer, chairman and president, First National, spoke on "The Changing Banking World."

### First of Birmingham Names 3 Senior Vice Presidents

BIRMINGHAM—First National recently elected three new senior vice presidents. Those elected were James L. Holloway and Norman E. Woodall, commercial department of the Main Office, and Jack G. Paden, trust officer.

Just as MID-CONTINENT BANKER was going to press, First of Birmingham

PADEN

WOODALL

HOLLOWAY

WOODROW

announced that Mr. Paden also had been named senior trust officer and head of the trust department. In the latter post, he succeeded Robert H. Woodrow Jr., executive vice president and trust officer, who is transferring to the commercial department, where he will assume more responsible duties, including major credit and administration work. Mr. Woodrow joined First National in 1947 and had headed the trust department since 1962.

Mr. Holloway joined First National in 1966 with 17 years' experience in the consumer credit field and was elected assistant cashier and installment loan officer. He was promoted to assistant vice president in 1967 and was named vice president and a commercial loan officer in 1967.

Mr. Woodall joined the bank in 1955 and spent several years in the bank's branch system. From 1960 to 1967 he was in charge of the national division and he has been a commercial lending officer since that time.

After practicing law for several years, Mr. Paden joined the bank as a trust officer in 1962. He was named vice president and trust officer in 1967.

### Merchants National Develops Educational Services Program

MOBILE—Merchants National has developed an educational service program in cooperation with the Mobile public school system. The program recently was honored by the Public Relations Council of Alabama.

Also available to private schools in the area, the program is a combination of in-school classes and bank facility tours covering the basics of banking and its role in the economics of a free society. The program is primarily for high school juniors and seniors studying economics, social studies and home economics. However, the information presented in the program can be adapted to more specific subjects appropriate for different age groups.

The educational services program at Merchants National recently received an award from the Public Relations Council of Alabama. Sharing the honors are: (from l.) Earl P. Andrews Jr., v.p., marketing; Mrs. Kay LaRavia, school program coordinator; and Phil Forrest, dir. of advertising and public relations.

### Three Receive Promotions At First of Montgomery

MONTGOMERY—First National recently promoted Daniel G. Miles to senior vice president, John E. Hixon to savings officer and Mrs. Bertha B. Thomas to assistant savings officer.

Mr. Miles, who has been with the bank since 1949, will coordinate all bank operations departments. Mr. Hixon joined the bank in 1965 and was elected assistant cashier in 1967. In his new position, he will have overall supervision of the savings department. Mrs. Thomas began her career with First National in 1962 and has worked in various bank operations departments.

■ CHEROKEE COUNTY BANK, Centre, recently completed construction on two new drive-in teller windows and a customer parking lot.

■ CITY NATIONAL, Birmingham, recently appointed James M. Reese manager of the Pleasant Grove Office. Previously, he was assistant manager, Roebuck Office. Mr. Reese joined the bank in 1969.

■ JOHN WILLIAM HIGDON recently joined First National, Butler, as assistant vice president. Previously, Mr. Higdon was a national bank examiner and was associated with First National, Birmingham.

■ FIRST NATIONAL, Tuscaloosa, recently made several promotions. Those promoted were: Don A. Gardiner, assistant vice president; Daniel O. McClusky III, assistant trust officer; Phillip A. Hargle and Mike Hickman, assistant cashiers; and Billy R. Gause, assistant data processing officer.

■ DUSTIN H. BASHAM recently joined First National, Dothan, as marketing director.

### First Western Bank to Open Birmingham Branch in Spring

BESSEMER—First Western Bank recently announced that it will open a branch in downtown Birmingham late next May. The bank has purchased the building now occupied by the Downtown Office of Central Bank.

The exterior of the building will be changed to convey the western-style motif of the bank. Automatic cash-withdrawal equipment, which allows customers to withdraw cash even when the bank is closed, will be available at the branch.

■ EXCHANGE SECURITY, Birmingham, recently named five new assistant vice presidents. They are Roland A. Montgomery Jr.; C. Wayne Russell; Chuck Allen, correspondent department; Foster Mathews; and Michael Schor.

## Unit Banks

*(Continued from page 6)*

non-unit banking-oriented group. This does not necessarily mean that it must be sold to a registered bank holding company. It may well be that by the time this column appears in print, legislation restricting the growth of registered holding companies will be encompassed in legislation at the state or national level.

It also is possible that the definition of "control" of one bank and registered holding companies will be expanded to include limited partnership associations and one individual chain group, or what have you.

If this is so, my banker friend still will have the strength of his conviction, but I suspect it will have been at a not inconsiderable potential drop in the market value of his control stock, not to say a higher incidence of taxation. • •

# Mississippi News

### First of Meridian Promotes 4


First National, Meridian, recently made four promotions. Those elected were: (from l.) John B. Crow, sr. v.p. and cash.; Billy N. Beaver, a.c.; Durward Smith, a.v.p.; and Billy Wooten, v.p.

■ HARRY A. COOK recently joined Gulf National, Gulfport, as an assistant vice president at the Harrison Avenue Office in Biloxi. Previously, Mr. Cook was with First Mississippi National, Hattiesburg.

■ FIRST STATE, Waynesboro, is constructing a new drive-in facility on the bank's parking lot. The facility will have two drive-in units, a walk-up window and an after-hours depository. The bank plans to discontinue the operation of the present drive-in at Azalea Drive when the new drive-in is completed.

■ DEPOSIT GUARANTY NATIONAL, Jackson, recently promoted James Kendall Hawkins to installment loan officer. Mr. Hawkins was assigned to the control section of the bank's data processing department before joining the installment loan department.

■ PEOPLES BANK, Starkville, recently elected James P. Goodman an assistant vice president. Mrs. Geraldine Fulgham was named assistant cashier and head of teller operations. Mrs. Mary Lynn Hardy was elected assistant cashier and head of proof and general accounting.

### Twelve Receive Promotions At First National, Jackson

JACKSON—First National recently made several promotions. Elected vice presidents were Herbert H. Coleman, manager, Battlefield Office; George O. Cooper Jr., manager, South State Street Office; and Joe R. McLeod, manager, new accounts department.

J. B. Blanset Jr., assistant cashier, Westland Office, was named an assistant vice president. Elected assistant cashiers were: Ward Calhoun, installment loans; A. W. (Bud) Odom, Jackson Mall Office; Robert McKnight, manager, account service department; Mrs. Mildred Yarbrough, Tylertown Branch; Mrs. Jean McCalip, McComb Branch; Mrs. Gladys Hollingsworth and Mrs. Phalby Ashby, Amite County Branch. Bobby R. Arnold was promoted to assistant trust officer.

■ HANCOCK BANK, Gulfport, established a record high when its 8,464 Christmas Club members saved $867,-125 during 1970.

■ FIRST NATIONAL, Meridian, recently elected Giles W. Patty Jr. a director.

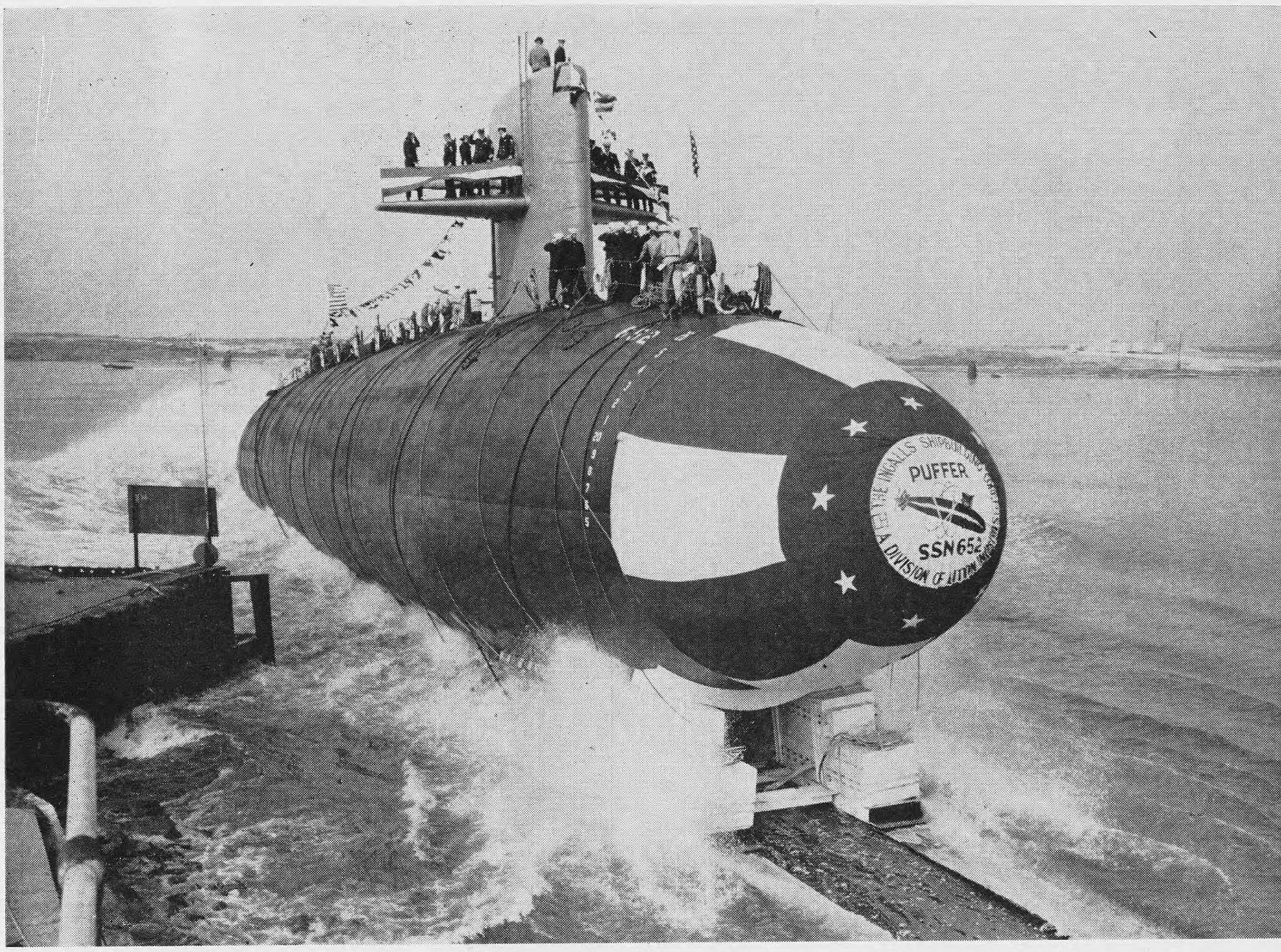
### Mississippi Deaths

PAUL M. EDMONDSON, 55, chairman, First National, Iuka.

JOHN CLIFTON LUCAS SR., 74, director and former vice president and trust officer, Merchants & Farmers Bank, Kosciusko.

CLAUDE C. FORRESTER, 67, director, First Columbus National.

HARRY G. CARPENTER, 81, director, First National, Vicksburg. He had been a director since 1939.

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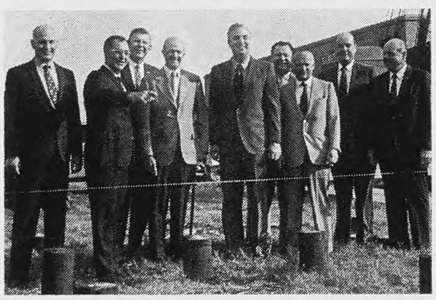
**MEMBER F.D.I.C.**

# Louisiana News

### Metropolitan Bank to Construct New Main Office Building

METAIRIE—Metropolitan Bank of Jefferson recently broke ground for its new four-story Main Office building. The new office, to be completed by June 1, will have two drive-up windows.

The main banking floor will have 10 teller windows, conference room, executive offices and customer new accounts area. The second floor will house consumer loan operations.



Taking part in the Metropolitan Bank of Jefferson groundbreaking were: (from l.) Sheriff Alwynn Cronvich; Charles J. Derbes Jr., pres. and ch.; Ernest S. Perret, sr. v.p.; Louis V. Busenlender, dir.; George J. Ackel, dir.; Jules Poirier Jr., v.p.; A. Louis Sizeler, dir.; Cornelius L. Ford, cash.; and Jefferson Parish Councilman Anton "Andy" Pilney.

■ CENTRAL PROGRESSIVE BANK, Amite, has named officers for its new Hammond Branch, which opened recently. John W. Roach has been named vice president and manager and Larry J. Wilson, assistant cashier, is assistant manager. Directors for the new branch are Dan R. Durham Jr., J. Walton Reeves Sr. and Dr. John S. Scarle.

■ J. WARREN "HUNK" LEMOINE, senior vice president, Rapides Bank, Alexandria, has been named "Mr. Consumer Banker in Louisiana" by the Louisiana Installment Credit Bankers Association.

■ OLLA STATE recently held the formal opening of its new Urania Branch. Charles Copeland, assistant cashier, is manager. He joined the bank last year.

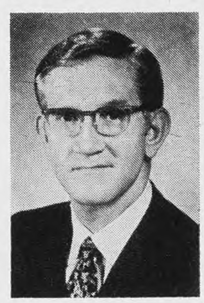


■ BAKER BANK recently opened a branch at Central. All regular banking services are available at the branch, including a drive-in window. The branch began operation in temporary quarters and plans now are being made for a permanent building.

■ CITIZENS NATIONAL, Hammond, recently announced plans to construct a new building for its Ponchatoula Branch. Groundbreaking for the new $150,000 building is expected to take place this month.

### Sanders Named Vice President At American Bank, Baton Rouge

BATON ROUGE—Jack H. Sanders recently was named vice president in charge of advertising and public relations, American Bank. He will consult with correspondent banks regarding their advertising and public relations programs.



SANDERS

Mr. Sanders has more than 20 years' experience in all phases of communication methods and procedures. In 1968 he was the recipient of a presidential citation from the Public Relations Society of America.

■ JESSE N. DONZE recently was promoted to executive vice president and cashier of Bank of Zachary. Harry S. Morris Jr. was named assistant cashier. Mr. Donze, who joined the bank in 1959, has been an assistant vice president, cashier and a director since 1968. Mr. Morris came to the bank last June.

■ THOMAS B. BATEMAN recently resigned from Livingston State, Denham Springs. He joined the bank last May and served as manager, Albany Branch. Mr. Bateman is now president, First National, Mansfield.

■ GUARANTY BANK, Hammond, recently appointed Malcolm B. Wright III general administrator of the bank's new data center. Mr. Wright has been with the bank 11 years and has served as senior loan officer. Also appointed were: Richard R. Blouin, electronic data processing manager; and James A. Ritter, systems analyst.

### Bank Donates Art to TV Auction

First National Bank of Commerce, New Orleans, recently donated a bronze sculpture by Charles M. Russell, valued at $2,280, to the WYES-TV Bid-by-Phone Auction. The educational TV station holds the auction annually to raise funds for operation costs. Above, James H. Jones, pres. and chief exec. off., presents the sculpture called "The Scalp Dancer" to Mrs. Justine McCarthy, WYES-TV art auction coordinator.

■ CAPITAL BANK, Baton Rouge, recently promoted three bank officers and named six new officers. Those promoted were: Anthony Noto, vice president; Allie R. Pogue, assistant vice president and trust officer; and Mrs. Jean Duncan, assistant vice president. New officers appointed were: Mrs. Patsy Latiolais, administrative assistant; Gerald Weaver, manager, collection department; Mrs. Bobbye Forbes, assistant trust officer; Mrs. Gloria LeBlanc, assistant cashier; and Maurice Primeaux and Mrs. Ruth Newcomer, assistant branch managers.

### Rapides Bank, Alexandria, Makes Officer Promotions

ALEXANDRIA—Rapides Bank recently promoted nine officers and elected seven new ones.

Elected vice presidents were: J. Robert Leavines, cashier; John D. Wagnon, trust officer; and Jerry C. McClung and J. Wayne Wilkerson, former assistant vice presidents.

Promoted from assistant cashiers to assistant vice presidents were J. Emile Belgard, Walter L. Coates, Lawrence H. "Bob" Jeansonne and Charles L. Hardy Jr. Leroy M. Villard was named cashier.

Elected assistant cashiers were Edward L. Crump Jr., Ellis A. Isom Jr., Malcolm J. Lajaunie, Hugh V. McCarty Jr., Victor Mahfouz Jr., Richard E. Starling and Douglas E. Vandersypen.

### Louisiana Deaths

JAMES CLANTON O'NEAL, 70, director, Pioneer Bank, Shreveport.

STANLEY W. RAY JR., 55, of a heart attack. He was senior vice president, vice chairman and chairman of the executive committee, Metropolitan Bank of Jefferson, Metairie.

# Arkansas News

### First of Little Rock Promotions

LITTLE ROCK—First National recently made the following promotions: Don Gallagher, data processing officer; Charles Tull and Ronnie Yarborough, operations officers; Charles Hadden, assistant trust officer; and Stephen Plunkett, investment officer, general banking division.

Named branch officers were Gene Manning, 65th Street Office; Jim May, Capital Avenue Office; and Jerry Scott, West Office.

## FABCO Management Team Attends 3-Day Seminar

LITTLE ROCK—More than 30 members of the First Arkansas Bankstock Corp. management team recently met for a three-day seminar put on by the President's Association of the American Management Association. An array of speakers—experienced professional managers and full-time operating executives—presented the latest concepts of professional management.

The conference was held to inform FABCO executives about the status of management as a profession and to acquaint them with the sources of formal education and training that are available to the professional manager. Basic conference objectives were to present an over-all concept of what professional management is, how it functions and what techniques are involved in its successful practice.

During the session, conferees participated in discussions and workshops covering various management topics. Some of these topics were: motivation and managerial creativity, organization, planning, control of the management team and development of managerial standards of performance.

### Dorothy Willis Named Chairman Of Arkansas Bankers Committee

AUGUSTA—Miss Dorothy Willis, assistant cashier, Bank of Augusta, recently was named chairman of the Arkansas Bankers Association's women's committee. The committee is planning a women bankers conference to be held April 7 in Hot Springs.

Miss Willis succeeds as chairman Miss June Jennings, who has resigned as assistant vice president, First National, Searcy, to join Continental Bank, Chicago.

Miss Willis is currently chairman of the Arkansas Group of the National Association of Bank-Women Inc. Previously, she served the group as vice chairman and secretary-treasurer.

### Topping-Out Ceremony at Bank

Arkansas First National, Hot Springs, recently held a topping-out ceremony to observe completion of the framework of its new bank building. Officials of the bank chose a short-leaf yellow pine tree to be used in the ceremony. From left are: W. B. Denton, exec. v.p.; Thomas W. Stone, ch. and chief exec. off.; and L. E. Powell, v.p. and cash.


Members of First Arkansas Bankstock Corp. recently attended a three-day seminar presented by the President's Association of the American Management Association. Speakers and workshops covered the latest concepts of professional management.

## Smith Named Exec. VP At Union National

LITTLE ROCK—Eugene B. Smith Jr. recently was elected executive vice president and a director of Union National. Since 1964, Mr. Smith has been assistant to the president, Citizens Bank, Jonesboro.

SMITH

In other action, Zack T. Wood, A. F. Burbridge and J. H. Bowen were named advisory directors. Each of the three men retired from Union National after a life-long career. Mr. Wood retired in 1968 after 46 years and recently returned to the bank as a loan consultant. Mr. Burbridge retired as executive vice president in 1969 after 45 years with the bank and Mr. Bowen, who was senior vice president and senior trust officer, retired after 43 years.

Named directors of Union National were Dr. H. A. Ted Bailey Jr. and Raymond Rebsamen, chairman of Rebsamen International, Inc.

### Powell and Flippin Promoted At Arkansas First National

HOT SPRINGS—L. E. Powell and Pierce Flippin recently were elected senior vice presidents, Arkansas First National.


FLIPPIN POWELL

Both men have filled every position in the bank from bookkeeper to their present positions as senior vice presidents. Mr. Powell came to the bank in 1928. He was promoted to cashier in 1953, a position which he still holds. Mr. Flippin also joined Arkansas First National in 1928.

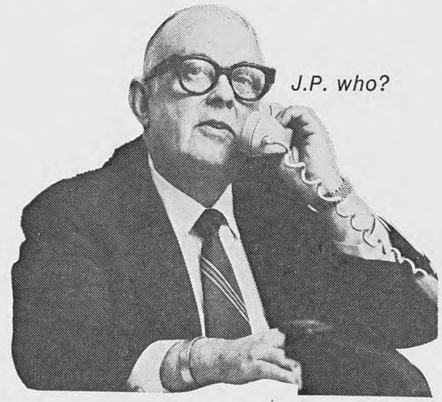
### Ark.BA to Hold Group Meetings

The annual group meetings of the Arkansas Bankers Association will be held March 8-12. All five geographic groups of the association will hold meetings during the same week.

■ SHAREHOLDERS of Simmons First National, Pine Bluff, were voting at press time on a proposal to reduce par value of stock from \$20 to \$5 and to issue a stock dividend. The latter action would boost capital from \$3 million to \$3.5 million. Surplus would be \$3.5 million and reserves and undivided profits, \$1.4 million.

# Is that J.P. Dulin there?

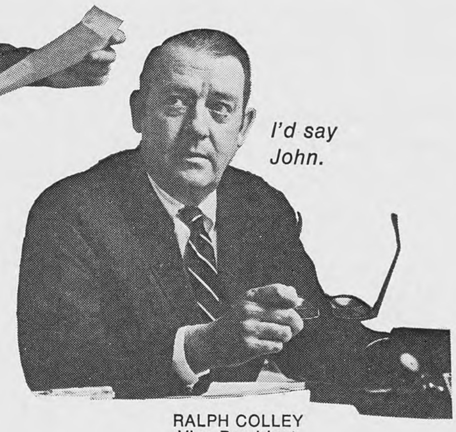

ARMISTEAD SMITH
Vice President
and Senior Lending Officer
Correspondent Division




WALTER IRELAND
Vice President
Mississippi—Alabama—Louisiana

JOHN P. DULIN
Vice President and Manager
Correspondent Division


THOMAS D. FOWLER
Asst. Vice President
Arkansas—Texas—Oklahoma




RALPH COLLEY
Vice President
Tennessee—Missouri—Kentucky

They started to call him J.P. instead of John when he was named manager of our Correspondent Bank Division.

It didn't stick, though.

He's still the same John you knew in Arkansas, Texas, and Oklahoma. Only we're prouder of him.

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where the focus is on you

# Texas News

### Texas Commerce Names 4 VPs

McMAHEN LYNCH HOWARD TYSON

Texas Commerce Bank, Houston, recently elected Travis G. Howard, Barry D. Lynch and H. Michael Tyson vice presidents. Charles E. McMahen was named v.p. and comptroller. Other promotions at the bank included: John H. McCaskill, aud.; Joe R. Ayres, sr. trust development off.; James L. Sullivan, investment trading off.; and Charles A. Smith, Kenneth L. Tilton and Gerald J. Zubik, a.v.p.s.

### Two Banks Building Skyscrapers In Downtown Area of Amarillo

AMARILLO—Two new bank skyscrapers are under construction in the downtown area here. They are the 16-story Amarillo National Bank building and the 31-story SPS Towers, which will house American National Bank and Southwestern Public Service offices.

The Amarillo National building is expected to be completed by early summer. The bank will occupy the basement and first four floors of the building and will lease the other 11 floors. Construction is expected to be completed on the American National building in January of 1972.

### Harris H. (Hutch) Bass Dies; Was Sr. VP, First National

FORT WORTH—Harris H. (Hutch) Bass, 46, senior vice president and advisory director of First National, recently died following a brief illness.

Mr. Bass was elected vice president of his bank in 1961, senior vice president in 1964 and advisory director earlier this year. Before joining First National, he had been associated with Bank of Commerce, McAllen State and First National, Athens.

■ BILLY WARREN STRIPLING recently joined Stone Fort National, Nacogdoches, as assistant vice president in the loan department. Previously, Mr. Stripling was associated with General Motors Acceptance Corp. and Ford Motor Credit Corp.

## Twenty Receive Promotions At Mercantile National

DALLAS—Mercantile National recently promoted 12 officers and appointed eight new officers.

Ben J. Kerr Jr., head of the trust department, was elected senior vice president and executive trust officer. Charles W. Dees and James B. Gardner, commercial loan department, were promoted to senior vice presidents.

Roy V. Rush, manager of the bookkeeping department, was elected a vice president. Miss Margaret Johnson, head of the stock transfer division of the corporate trust department, was named vice president and trust officer.

Promoted to assistant vice presidents were: John D. Anderson, Robert L. Estes, Johnny E. Franklin and James L. Gibbons, all in data processing; Raymond E. Harris, operations; and Mrs. Jean McCasland, new accounts.

James S. McReynolds was named assistant cashier and trust officer and Miss Marjorie Winn was elected assistant cashier and assistant trust officer.

Elected assistant cashiers were: Mrs. Mozelle Caraway, tellers; Henry H. Byers, credit; George Jones and Mrs. Pauline Welch, new accounts; Bob Cowan and Mike Routt, operations; and Cyril Heselton, Master Charge.

In other action at the bank, directors approved the transfer of $500,000 from undivided profits to surplus, raising surplus to $34 million.

### Exporters & Traders Firm Buys Control of First of Temple

TEMPLE—Controlling interest in First National recently was purchased by Exporters and Traders Compress & Warehouse Co., headquartered in Waco.

Spencer Brown, president, Exporters and Traders, was elected president, chief executive officer and a director of First National. He succeeds Wheeler Sears, who has sold his interest in the bank to the purchasers. Stanton Brown Jr., Spencer Brown's brother, also was elected a director.

Spencer Brown joined Exporters and Traders in 1946 and became president in 1959. Stanton Brown joined the firm in 1953 and is vice president.

### Four Trust Officers Promoted At Republic National, Dallas

DALLAS—Republic National recently made several promotions in its trust department.

Lloyd F. Silberberger, vice president and senior trust officer, was promoted to senior vice president and senior trust officer. Mr. Silberberger, who joined the bank in 1958 as a trust officer, is head of the trust administrative division.

HATFIELD SILBERBERGER GALL MONTGOMERY

Advanced from vice presidents and trust officers to senior vice presidents and trust officers were: William R. Gall, head of the trust business development division; W. C. Hatfield, head of the trust tax division; and B. G. Montgomery, trust investments division.

Mr. Gall joined the bank in 1967 as a trust officer. Mr. Hatfield came to the bank in 1957 and was placed in charge of the trust tax division. He was elected a trust officer in 1959 and a vice president in 1967. Mr. Montgomery joined Republic National in 1956 as a portfolio manager.

■ NORTHWEST NATIONAL, Houston, recently made the following promotions: Robert B. Goldstein, senior vice president; Walter L. Houser, vice president and cashier; and Raybon Ross Jr., assistant cashier.

■ I. JEROME THORNTON recently joined First National, Dallas, as a vice president. He will be manager of the newly established financial advisory department of the municipal bond division.

■ JUDSON L. TROUT has been elected vice president and trust officer, River Oaks Bank, Houston. Previously, Mr. Trout was a trust officer with Citizens National, Baytown.

■ FIRST CITY NATIONAL, Houston, recently elected John T. Bond Jr. and Cody H. Phillips trust officers. Mr. Bond will be responsible for customer relations and business development in the employee benefits department. Mr. Phillips will have responsibility for the development of personal trust business. Mrs. Clarita Buie was elected assistant cashier and will assume the management of a new division in the personal banking department.

## *JUST PUBLISHED!*

# Bank Shareholders' Meeting Manual


60 pages
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## *A 'Must' for Directors of State-Chartered Banks!*

Prepared by Dr. Lewis E. Davids
Hill Professor of Bank Management
University of Missouri, Columbia

This important book was developed by the editor of The BANK BOARD Letter to provide means for directors of state-chartered banks to bring their operations up-to-date. It was developed in recognition of several new trends in business and society—trends involving an increased sensitivity of the public in the area of conflicts-of-interest; greater concern for the rights of minorities; greater demand for fuller disclosure—not only interest rates but financial statements; data on control and ownership and of related business interests, including voting of trust-held securities.

The "Bank Shareholders' Meeting Model" is also helpful in updating annual shareholders' meetings at a time when stockholders are becoming more insistent on receiving meaningful information at annual meetings and in annual reports.

In addition, this book provides a means for state bank directors to modify procedures to bring their banks into compliance with current state banking statutes and regulations. The book is a valuable, modern frame of reference, easily adaptable to state-chartered-bank needs. Its use can result in economies and efficiencies for banks.

Partial contents: Guidelines for the preparation of stock purchase and stock option plans; application for capital increase; application for stock dividend; certificate of payment of additional common stock; certificate of conversion of capital notes; certificate of payment for capital debentures; certificate of payment for preferred stock; certification of declaration of stock dividend; joint oath of directors; and much more.

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# New Mexico News

### Santa Fe National Announces Ten Officer Promotions

SANTA FE—Santa Fe National recently announced ten officer promotions.

Promoted to senior vice presidents were: David M. Wyman and Robert E. Lockhart, loan officers; William J. Brennan, trust officer; and Ike Kalangis, manager, South Side Branch.

Clarence A. Rumpel was elected vice president and cashier. Named vice presidents were: Jose Gonzales, installment loan officer; Bennie L. Chavez, manager, Cerrillos Road Branch; and Mrs. Marion G. Simms, special services officer. Larry L. Logan and William N. Bowlds, South Side Branch, were elected assistant vice presidents.

### Development Credit Corporation Proposed for New Mexico

SANTA FE—The New Mexico Department of Development recently began a campaign to acquaint leaders of state financial institutions with the need for and functions of a development credit corporation. The Department of Development would act as a catalyst and the corporation would be financed by state financial institutions.

A development credit corporation would be a source of financial aid to new and expanding businesses whose financial requirements are considered not "bankable." The corporation would not be in competition with conventional lending institutions.

■ DUANE ENDERSON, executive vice president and secretary, First State, Gallup, recently accepted the position of temporary president, Centinel Bank, Taos. He will return to Gallup when the new Citizens Bank of Gallup is approved by the FDIC and the state banking department.

■ FRANK D. KREST, assistant cashier, First National, Albuquerque, recently was named manager of the National Building Branch. Mr. Krest has been with the bank eight years.

■ EDWARD H. TATUM JR., vice chairman, First National, Santa Fe, recently celebrated his 25th anniversary with the bank. He was elected president in 1962 and has served as vice chairman since 1967. Mr. Tatum is the immediate past president of the New Mexico Bankers Association.

### State Fund Law Criticized

James C. Compton Jr., New Mexico assistant attorney general, recently said that a controversial 1970 law authorizing investment of state permanent funds in bank and savings and loan association time deposits probably is unconstitutional.

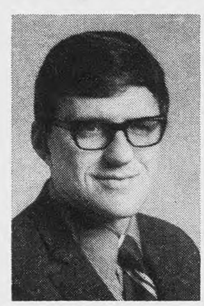
Mr. Compton also said that such investments probably would violate the enabling act under which New Mexico became a state and would subject members of the State Investment Council to prosecution by the U. S. attorney general for breach of trust.

### Bank Purchases Career Apparel

LOVINGTON—Female employees of Lovington National received special Christmas presents last month. The bank's directors approved the purchase of career apparel outfits for all 26 female employees. Delivery of the new outfits is expected this month.

### Caldwell Joins Commerce Bank In Correspondent Department

KANSAS CITY—Ben F. Caldwell recently was elected vice president in the correspondent banking department, Commerce Bank. He will travel Texas, Colorado, New Mexico, Arkansas and Louisiana for the bank.

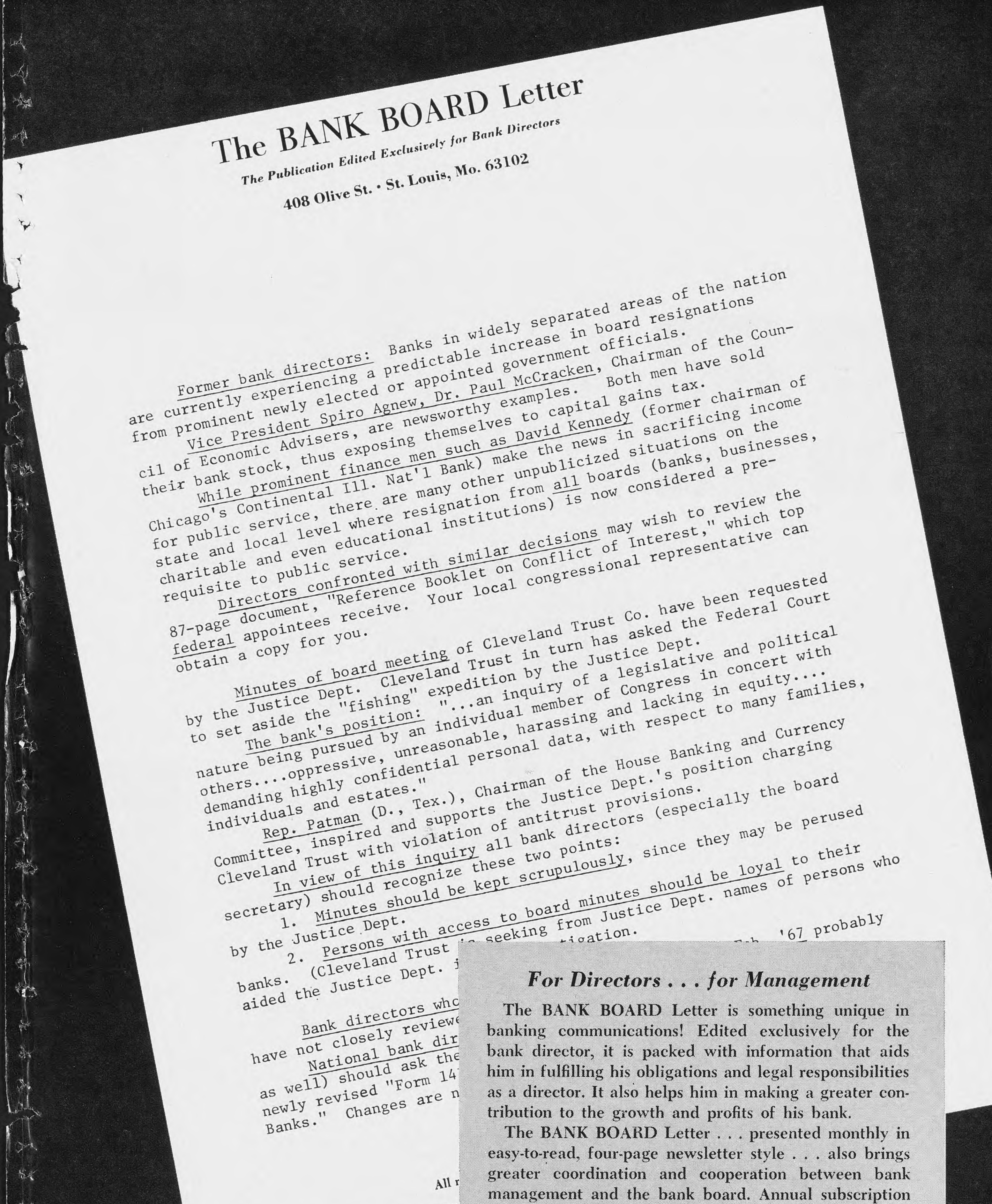


CALDWELL

Before joining Commerce Bank, Mr. Caldwell was president and chief executive officer, Citizens National, Jacksonville, Ark. Previously, he was vice president, First State, Conway, Ark.

■ SANTA FE NATIONAL will ask shareholders to vote January 19 on a proposed 60% stock dividend that will boost capital from $625,000 to $1 million. Surplus also is being boosted from $625,000 to $1 million through transfer of $375,000 from undivided profits.

■ NEW MEXICO BANK, Hobbs, recently installed a new telephone time and temperature service. By dialing the bank's telephone number, time and temperature information is available 24 hours a day.



The BANK BOARD Letter

*The Publication Edited Exclusively for Bank Directors*

408 Olive St. • St. Louis, Mo. 63102

Former bank directors: Banks in widely separated areas of the nation are currently experiencing a predictable increase in board resignations from prominent newly elected or appointed government officials.

Vice President Spiro Agnew, Dr. Paul McCracken, Chairman of the Council of Economic Advisers, are newsworthy examples. Both men have sold their bank stock, thus exposing themselves to capital gains tax.

While prominent finance men such as David Kennedy (former chairman of Chicago's Continental Ill. Nat'l Bank) make the news in sacrificing income for public service, there are many other unpublicized situations on the state and local level where resignation from all boards (banks, businesses, charitable and even educational institutions) is now considered a prerequisite to public service.

Directors confronted with similar decisions may wish to review the 87-page document, "Reference Booklet on Conflict of Interest," which top federal appointees receive. Your local congressional representative can obtain a copy for you.

Minutes of board meeting of Cleveland Trust Co. have been requested by the Justice Dept. Cleveland Trust in turn has asked the Federal Court to set aside the "fishing" expedition by the Justice Dept.

The bank's position: "...an inquiry of a legislative and political nature being pursued by an individual member of Congress in concert with others....oppressive, unreasonable, harassing and lacking in equity.... demanding highly confidential personal data, with respect to many families, individuals and estates."

Rep. Patman (D., Tex.), Chairman of the House Banking and Currency Committee, inspired and supports the Justice Dept.'s position charging Cleveland Trust with violation of antitrust provisions.

In view of this inquiry all bank directors (especially the board secretary) should recognize these two points:

1. Minutes should be kept scrupulously, since they may be perused by the Justice Dept.

2. Persons with access to board minutes should be loyal to their banks. (Cleveland Trust is seeking from Justice Dept. names of persons who aided the Justice Dept. i... ...tigation. ... Feb. '67 probably

Bank directors who ...
have not closely reviewe...

National bank dir...
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## *For Directors . . . for Management*

The BANK BOARD Letter is something unique in banking communications! Edited exclusively for the bank director, it is packed with information that aids him in fulfilling his obligations and legal responsibilities as a director. It also helps him in making a greater contribution to the growth and profits of his bank.

The BANK BOARD Letter . . . presented monthly in easy-to-read, four-page newsletter style . . . also brings greater coordination and cooperation between bank management and the bank board. Annual subscription $25. Additional subscriptions $10 each. For sample, write: The BANK BOARD Letter, 408 Olive St., St. Louis, Mo. 63102.

# Oklahoma News

## Ben Head Elected Pres. Of City National

OKLAHOMA CITY—Ben T. Head recently was elected president, City National, effective February 1. Mr. Head has been president and chairman of May Avenue Bank since 1964.

BOSTON

HEAD

When Mr. Head assumes the City National presidency, Fred Boston will become chairman and chief executive officer. He became vice chairman in 1968 when he purchased controlling interest in the bank and was elected president in 1969.

Mr. Head, an attorney, entered banking as one of the founders of Bank of Mid-America Savings in 1957 and was a director and legal counsel. The bank was sold to Liberty National in 1960. Mr. Head was elected a director of May Avenue Bank in 1963.

In other action, City National officials announced that in mid-1971 all banking operations will be moved to the first three floors of the present Liberty Bank Building, which will be renamed the City Bank Building.

■ FIRST NATIONAL, Oklahoma City, will ask shareholders to vote January 15 on a proposed $2-million stock dividend. If approved, the dividend will boost capital from $18 million to $20 million. Surplus also will be increased to $20 million through transfer of $2 million from undivided profits.

■ NATIONAL BANK OF McALESTER recently began construction on a two-story, 8,000-square-foot addition to its present bank building. Five drive-in windows will be added to the bank in the $1-million expansion and remodeling project. The project is expected to take less than a year to complete.

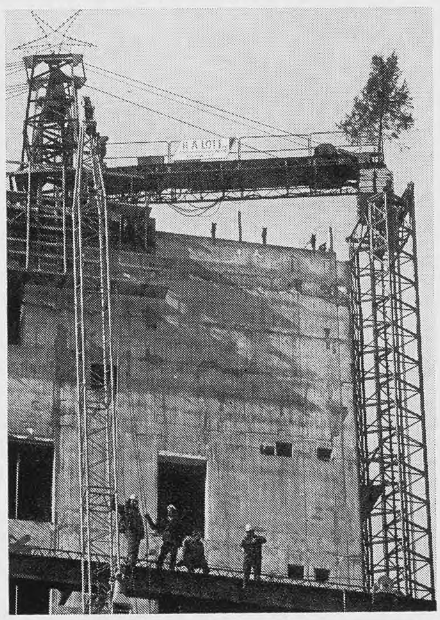
## Delta Corp. Appoints Ward Oklahoma District Manager

Delta Corp. of America, Miami, recently announced the appointment of Milford Guy Ward Jr. as district manager for the state of Oklahoma. He will be responsible for liaison between Delta, mobile home dealers and lending institutions throughout Oklahoma.

WARD

Before joining Delta, Mr. Ward was with Finance Management Co., Muskogee, and Guaranty National, Tulsa.

## Fir Tree, Star Top Out Building



Taking advantage of the Christmas season, Fidelity Bank, Oklahoma City, used an evergreen tree and a Christmas star made of lights to "top out" its new building. The 14-foot evergreen, which was lighted with flood lamps at night, was mounted on the end of a climbing crane more than 340 feet above the ground.

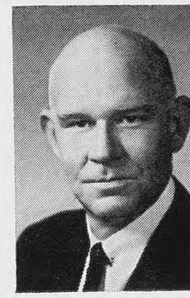
■ R. L. CAUTHON, assistant cashier in the real estate loan division, First National, Tulsa, recently was presented a "Keyman" award by the Optimist clubs of Oklahoma. Mr. Cauthon, president of the Tulsa Optimist Club, also accepted three major awards for his club.

## Thompson Elected President Of Utica Square National

TULSA—V. M. Thompson Jr. recently was elected president and chief executive officer, Utica Square National. He will retain his post as president, First National, Stillwater.

## Promotions Announced At Liberty National

OKLAHOMA CITY—Liberty National recently promoted four officers and appointed six new officers.



WHEAT

The bank has created a new marketing division, which will be headed by Willis J. Wheat, senior vice president. Carl E. Grant, vice president, will succeed Mr. Wheat as administrative head of the personal banking department.

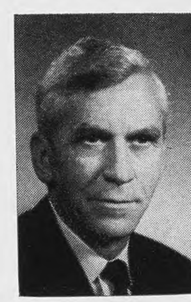
Promoted to vice presidents in the personal banking center were: Edward E. Korell, head of installment lending; and Fred Sextion, head of savings and time deposit activities.

Jean R. Johnson was appointed vice president in charge of the business development section of the trust department. Named trust officers were Charles B. Johnson and Mack Q. Murray, corporate trust.

Carl M. Rose was named loan administration officer and James Snow was elected assistant auditor. Walter E. Sloan Jr. was appointed personal banking officer and operations and systems research analyst, BankAmericard section.

## Vernon Kidd Dies in December; Was Fourth National Officer

TULSA—Vernon Kidd died December 22. He was to have become vice chairman of the board and chairman of the trust committee of Fourth National January 1.

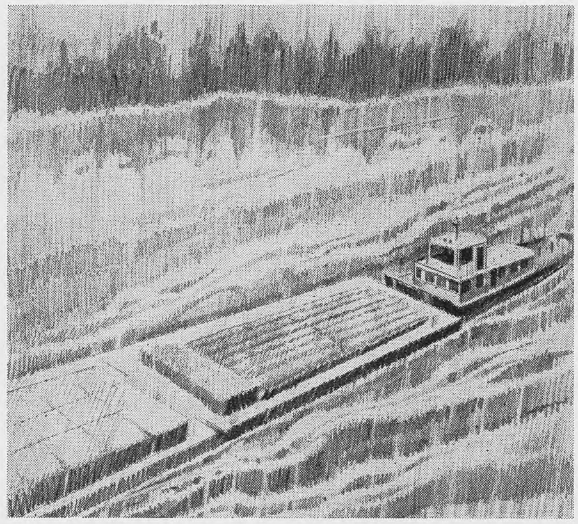


KIDD

Mr. Kidd was a former tax consultant who headed his own accounting firm for 15 years. He joined Fourth National in 1966 as vice president and head of the newly created trust department and moved up to president in 1968. An Alabama native, Mr. Kidd attended Strayer College in Washington, D. C.

■ DON M. YEAGER recently was named director of marketing for First Southwest Corp., the parent company of Lincoln Bank, Ardmore, and Lincoln Center Corp. Mr. Yeager will handle market research, advertising and business development activities.

# Need a Riverport Correspondent ?



# Go Forth with Tulsa

## ...the year 'round inland port!

In 1971, Tulsa will proudly take its place among the nation's great river ports. As head of navigation for the 450-mile-long Arkansas River Navigation System, the Tulsa Port of Catoosa is expected to handle more than 30,000 tons of shipping every day! Already, port facilities and industrial parks have sprung up in Northeastern Oklahoma from the Arkansas border to Catoosa. Hundreds of millions of dollars are committed to the making of a new "Ohio valley" in the heart of mid-America.

If you need a banking connection in a thriving riverport city, there's no need to look all the way east to the Missouri or the Mississippi. Just take a close look at Tulsa . . . the farthest-inland year 'round port in the nation. And bank on the specialized resources of Tulsa's financial community. It has played a key role in the development of this amazing adventure, from the earliest dream to the present reality.

Glenn "Red" Ward, our Senior Vice President for Correspondent Banking, can give you the whole story. Just call him, and he'll start "downstream" at the earliest opportunity. Or look us up the next time you're in Tulsa. We're easy to find...Fourth National is the tallest bank in town!

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MEMBER F.D.I.C.

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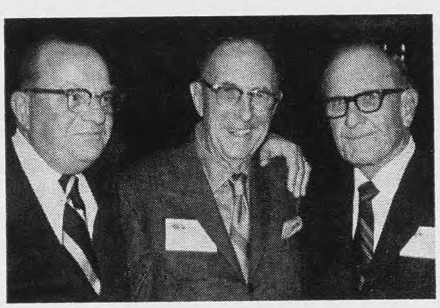
# Kansas News

## Security State, Great Bend, Celebrates 20th Anniversary

GREAT BEND—Security State entertained bank officials from Kansas, Missouri, Oklahoma and Colorado at its 20th-anniversary celebration November 16. More than 150 persons attended a banquet and party at the Petroleum Club, where they were welcomed by J. A. Mermis Jr., president of the bank and past president of the Kansas Bankers Association. The Wyrick Sisters of Kansas City provided entertainment.

Among bank officials present were

Anniversary guests pictured are (l. to r.): L. W. Stolzer, exec. v.p., Union Nat'l, Manhattan; Ash McNeal, asst. sec., KBA, Topeka; Robert E. Thomas, v.p., Federal Reserve, Kansas City; and Arthur J. Collins, v.p., KBA, and pres., Hutchinson Nat'l.



Visiting together during Security State of Great Bend's 20th-anniversary celebration are (l. to r.); J. A. Mermis Jr., pres. of bank; W. L. Webber, state bank commissioner, Topeka; and M. A. Isern, ch., Peoples State, Ellinwood.

W. L. Webber, Kansas bank commissioner, Topeka; Dan Dreiling, KBA president and president, Citizens State, Seneca; Arthur J. Collins, KBA vice president and president, Hutchinson National; John A. O'Leary, director, Federal Reserve, Kansas City, and chairman, Peoples State, Luray; and Robert E. Thomas, vice president, Federal Reserve, Kansas City.

KBA Pres. Dan Dreiling (l.), pres., Citizens State, Seneca, is pictured with Harold Stones, director of research, KBA, Topeka, during Security State's 20th-anniversary party.

### First National of Salina Holds Three-Day Seminar

SALINA—First National recently held a three-day seminar in Manhattan. Twenty officers and employees participated in sessions which outlined the growth plans for the bank for the coming year. The sessions focused on goals in budgeting, marketing, advertising and employee relationships.

The First National group toured the new Union National building in Manhattan and participated in a workshop conducted by Kermit Hansen, executive vice president, United States National Bank of Omaha.

■ HUTCHINSON NATIONAL recently promoted J. P. O'Sullivan Jr. to senior trust officer and Mrs. Shirley Lang to trust officer. Gary L. Rohrer, former assistant attorney general for the state of Kansas, has joined the bank as trust officer.

■ FRANK KELLENBARGER recently was elected assistant vice president in the loan department, National Bank of Wichita. Mr. Kellenbarger, who has four years' loan department experience, has been assigned to consumer and commercial loans.

■ PEOPLES NATIONAL, Liberal, recently held a reception to honor J. C. "Chet" Naylor, president, for his 46 years of service to the bank. Mr. Naylor was elected executive vice president and cashier in 1952 and president in 1953.

■ JAMES S. NIEDING recently was elected executive vice president, Independence State. Previously, he was vice president and director, Topeka State. He had been with the bank 11 years. George A. Halbe, senior vice president, Independence State, has retired.

■ FIDELITY STATE, Topeka, recently announced an increase in capital from $500,000 to $1 million, by a transfer from surplus. The par value of the stock was reduced from $10 per share to $5 per share, making a stock split of four to one. Following the transfer, capital is $1 million; surplus is $1,500,000 and undivided profits are $200,000.

### Union National in New Building

Union National, Manhattan, recently opened its new banking quarters and is planning an open house for the new building early this month. The bank occupies the main floor and lower level of the six-floor office tower, which is made of white precast stone with bronze trim.

### Kansas Deaths

ROBERT B. JOHNSON, 53, cashier, Potwin State.

OTHA T. SALMANS, 60, chairman, Hanston State.

WALTER L. JARBOE, 67, director, State Bank of Parsons.

# Missouri News

## Commerce Bank Operations Reorganized Into Six Groups; Two New Functions Added

KANSAS CITY—Commerce Bank has announced the formation of six major groups to handle commercial and correspondent banking business. In addition, the bank has established two new individual functions: director of marketing and director of business development.

BATTEY

Named to lead the bank's commercial banking department is Charles W. Battey, executive vice president. Serving as group leaders are Frank Boesche, senior vice-president, and John Brown, Fred Coulson, Bill Haw, Charles Kopke and Roy Lee, vice presidents. Warren Weaver, vice president, was named director of marketing and Clark Page, vice president, was appointed director of business development.

The organizational change replaces the bank's former metropolitan, national and correspondent banking divisions and provides for group responsibilities to be designated both by industry and geography. Each group concentrates on certain industries and areas, a plan that is expected to lead to a more specialized knowledge of customer business problems and banking needs. All groups are staffed to handle loan approvals.

Group one, headed by Mr. Boesche, covers insurance, law firms, accounting firms, investment bankers, heavy industry, automotive and fabricators. It serves the east and southeast.

Group two, headed by Mr. Brown, deals with utilities, oil and gas, transportation, paper, printing, wood products, photo and apparel. It serves the southwest.

Group three, headed by Mr. Coulson, covers banks and agriculture in the central states.

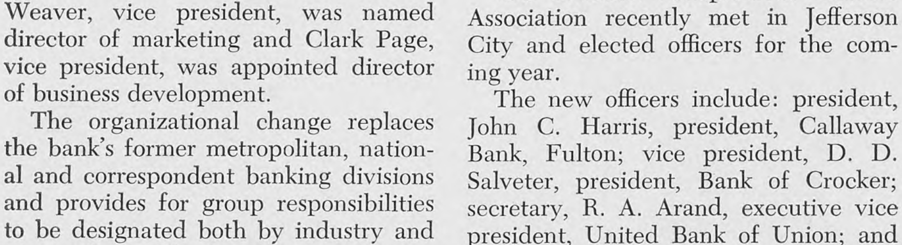
Group four, led by Mr. Haw, serves the grain, food, chemicals, professional and scientific fields and operates in the middle west.

Group five, under the direction of Mr. Kopke, services mortgage firms, finance companies, wholesale and retail, service firms, schools, churches and hospitals on the west coast.

Group six, under Mr. Lee, deals with contractors, leasing and equipment dealers and consulting engineers.

Mr. Weaver, as director of marketing, is responsible for market planning and research, the introduction of new customer services and the coordination of the marketing program in keeping with the commercial and retail objectives of the bank.

Mr. Page's responsibilities as director of business development include commercial call assignments, analysis of commercial activity and competitive trends, and the evaluation of present and anticipated business.



BOESCHE HAW COULSON BROWN KOPKE LEE PAGE WEAVER

### Missouri Independent Bankers Name Officers for Coming Year

The Missouri Independent Bankers Association recently met in Jefferson City and elected officers for the coming year.

The new officers include: president, John C. Harris, president, Callaway Bank, Fulton; vice president, D. D. Salveter, president, Bank of Crocker; secretary, R. A. Arand, executive vice president, United Bank of Union; and treasurer, Frank Blair Jr., president, Bank of Belton.

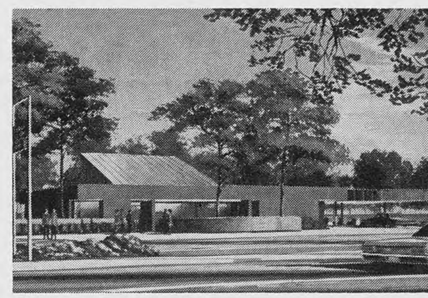
The following men were named to the legislative committee: Bradford Brett, president, First National, Mexico; Rayburn Bond, president, Hardin State; Donald L. Campbell, executive vice president, Exchange National, Jefferson City; Jordan Lindsey, president, Allen Bank, Harrisonville; Mack Miller, executive vice president, Farmers & Valley Bank, Tarkio; Melvyn Moellering, president, Florissant Bank; and Webe H. Naunheim Jr., president, Bank of Overland.

### New Building Being Constructed For Lewis & Clark State Bank

ST. LOUIS—Construction has started on a new building for the recently chartered Lewis & Clark State Bank. The bank is located just north of Interstate 270 and the New Halls Ferry Interchange on a two-acre tract of land, bounded by Netherton Drive and Mehl Avenue.

The initial building consists of 6,000 square feet with a large drive-up facility and parking area. The building has a modular design in anticipation of need for expansion. The general contractor is Bunce Building Corp.

Directors of Lewis & Clark State include: John C. Hannegan, chairman; Richard L. Hughes, vice chairman; Sanford P. Ritter, secretary; and William C. Ladwig, president.



The new building being constructed for Lewis & Clark State Bank is of brick and steel construction in contemporary design with a terne metal roof.

### Baden Bank Elects Warnecke Executive Vice President

ST. LOUIS—Baden Bank recently elected Virgil Warnecke executive vice president and chief operating officer. Mr. Warnecke, who has been with the bank 16 years, formerly was vice president in charge of loans.

Raymond H. Wahlbrink, who has been president and chief operating officer, was elected chairman and was assigned new duties with General Bancshares Corp., the firm which owns Baden Bank. William H. Kruse, who formerly was chairman, has been named chairman of the executive committee.

Norbert M. Trampe, vice president, was elected secretary of the board and Miss Doris L. Bruns was named assistant vice president.

### Walter B. Kelley Dies

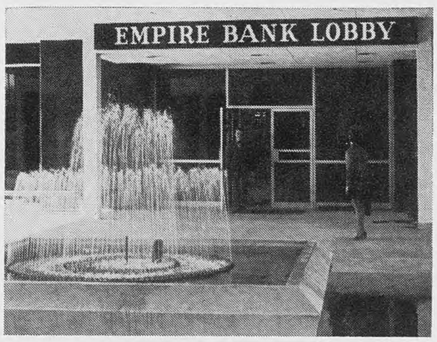
SPRINGFIELD—Walter B. Kelley, 67, senior vice president, Empire Bank, died December 17.

Mr. Kelley joined the bank in 1968 after retiring as president of Metropolitan National, Kansas City. He also had been vice president of Commerce Trust (now Commerce Bank), K. C., for 16 years and on the staff of Dial Finance there.

## Empire Bank of Springfield Holds Dedication, Open House For New Three-Story Building

SPRINGFIELD—Empire Bank recently held dedication ceremonies for its new building. The bank hosted a five-day open house, and special hostess guides conducted tours of the new building for the visiting public.

Empire Bank's new tri-level structure contains 33,000 square feet and fronts the Plaza Shopping Center. The covered mall entry from the shopping center provides 24-hour access to the bank's new night depository and features an automatic cash-dispensing machine. The machine lets customers make cash withdrawals up to $100 at any time.




Dedication ceremonies for the opening of the new Empire Bank building were held around the fountain located in the bank's mall breezeway.

Special features of the new facility are a 20-car customer parking lot, mall breezeway with a large circular fountain and a 1,400-square-foot community room.

The bank's installment loan department is located on the ground level of the building and the commercial, real estate and agricultural loan departments and executive offices are on the second floor. The second floor has more than 7,700 square feet of customer service area and features a board room and various conference rooms. The below-ground level of the bank houses the operations and data processing centers and the bank's vault.

This night-time view of the new Empire Bank building shows its contemporary architectural design and glass walls.

The architectural design of the building is contemporary, featuring glass walls separated by exposed structural members. The interior of the bank has off-white walls, gray carpeting and color-accented furniture. Original paintings, secured by the bank from prominent local painters, are on display in the bank. Displayed in the art collection are rock specimens, formed approximately 330 million years ago, taken from the rock bed on which the new building was erected.

## Junior Bankers Committee To Aid Economic Education In Statewide Program

COLUMBIA—Missouri Bankers Association's Junior Bankers Committee, with the aid of the Missouri Council on Economic Education, is planning to launch a statewide program to assist local school systems in teaching basic economics and the handling of personal finances. Wayne Thomas, assistant vice president, Commerce Bank, University City, is chairman of the program.

Local bankers will contact school officials throughout Missouri and will offer classroom speakers to discuss banking and money matters in economics and social science classes. MBA officials said the purpose of the discussions is to help students be better able to handle their own personal finances when they get out of school and are on their own.

Areas to be covered in the discussions include the nation's money supply, how money is created, various types of deposits, government securities and lending services.

The Junior Bankers had an exhibit at the annual Missouri State Teachers Association convention in Kansas City last month to begin informing teachers about the new program.

■ MISSOURI STATE, St. Louis, recently elected Earl L. Overbeck cashier. Before joining the bank last July, Mr. Overbeck was with Northland Bank and Jefferson Bank. In other action, Dale Mack was elected installment loan officer at Missouri State.

■ ARTHUR W. GREEN JR. recently was elected president, Bank of House Springs. He has been acting chief executive officer since October when controlling interest in the bank was acquired by Tower Grove Bank, St. Louis. James E. Oberts was named vice president in charge of loans.

## Union National of Springfield Hosts 26th Annual Dinner For Correspondent Bankers

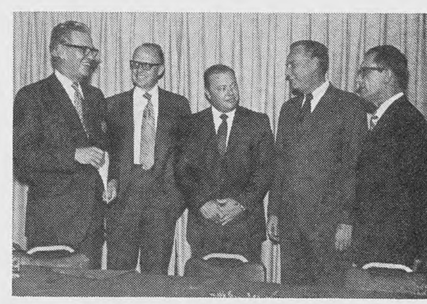
SPRINGFIELD—Union National hosted its 26th annual correspondent bank dinner party December 9 at the Holiday Inn here. About 450 guests, including bankers, their wives and representatives of major metropolitan banks throughout the nation, attended the event.

SHIRLEY

John Shirley of Dallas was the featured speaker of the evening. Mr. Shirley is president of Communications Institute of America, Inc., a management, marketing and manpower consultant firm.

Musical entertainment was provided by Miss Carol Henderson, mezzo-soprano soloist, and Mrs. Helen Koch, formerly of the Chicago Symphony.

Evans McReynolds, president of Union National, served as master of ceremonies and Stephen Krebs, assistant vice president responsible for correspondent banks, handled arrangements for the dinner.



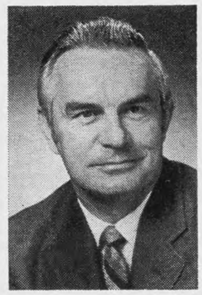
Evans McReynolds (far l.), pres. of Union National, welcomes the guest speaker and Missouri Bankers Association officers to the bank's annual correspondent dinner party. With Mr. McReynolds are: (from l.) MBA v.p., Larry E. Lumpe, exec. v.p., State Bank, Poplar Bluff; guest speaker John Shirley; MBA treas., Ben A. Parnell Jr., pres., Peoples Bank, Branson; and MBA exec. mgr., Felix LeGrand.

### St. Louis Safe Deposit Assn. Appoints New Officers

ST. LOUIS—The Greater St. Louis Safe Deposit Association recently elected new officers for 1970-71. Those elected were: president, Hubert V. Krieger, auditor and comptroller, St. John's Community Bank; vice president, Harry E. Wessler, manager, safe deposit department, Boatmen's National; secretary, Norman L. Vaughn, treasurer, Manufacturers Bank; and treasurer, Dean Smith, vice president, Manchester Community Bank, Ballwin.

## Hemann Appointed PR Director At First National of Arizona

PHOENIX—Charles W. Hemann recently was appointed to the newly created post of director of public relations and community affairs, First National Bank of Arizona.



HEMANN

Mr. Hemann has been public relations representative for Republic Steel Corp., Cleveland, for the past 10 years. Before joining Republic, he served as manager of information services for the lighting division of Westinghouse Electric Corp. and as director of public relations for Case Institute of Technology. Before entering the public relations field, Mr. Hemann spent several years as a reporter and newscaster for radio and television stations in Ohio.

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1 FIRST NATIONAL BANK 1 IN ST. LOUIS

MEMBER F.D.I.C.

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So we've never stopped perfecting.